

City Of Durham, North Carolina

MEMORANDUM

DATE: September 15, 2005

TO: Patrick W. Baker, City Manager

THROUGH: Julie Brenman, Interim Assistant City Manager

FROM: Elizabeth F. Partin, Acting Budget & Management Services Director
Kenneth C. Pennoyer, Finance Director

RE: **FY 2004-05 Fourth Quarterly Financial Report**

Executive Summary

We are pleased to present the final Quarterly Financial Report for FY 2004-05. Preliminary review of the records indicate the general fund ended the year within budget with a slight surplus. The major enterprise funds ended balanced with the exception of the Transit Operations Fund which reflects a significant loss in state grant funding. The water and sewer fund met its debt-coverage ratios. Based on the unaudited results of the fourth quarter report, we believe that staff efforts to carefully monitor expenditures and revenues enabled us to end the year within budget. While in some cases our revenue came in lower than budget, our expenditures were also lower than budget. The numbers may change; the Comprehensive Annual Financial Report will be completed within the next few months and will provide an audited record of the 2004-05 fiscal year.

Attached Exhibits

A number of charts and tables are attached to this document to provide the Council with additional information on our financial status in key areas. Below, we provide an overview of the attachments.

Exhibit 1: Major Initiatives

This provides a summary of the activity and status of each Major Initiative supporting the City Council goals through June 2005.

Exhibit 2: General fund Budget-to-Actual Summary and By Department

This provides a summary of budgeted general fund dollars in each department and the actual spending in those departments during the fiscal year. Based on preliminary year end expenditures and revenue, we project the General fund will end the year with a \$1.5 million (.89%) surplus. We currently project that all departments will end the year within budget. Overall, we are estimating that we will spend \$4.4 million less than budgeted. This is consistent with the second and third quarter reports when we projected ending

with a small surplus. General Fund Revenue came in under budget by \$2.8 million. Revenues in the categories of “investment and rental income” and “charges for service” make up the majority of the shortfall. The figures are subject to change before the annual financial audit is completed.

Exhibit 3: Enterprise Fund Budget-to-Actual

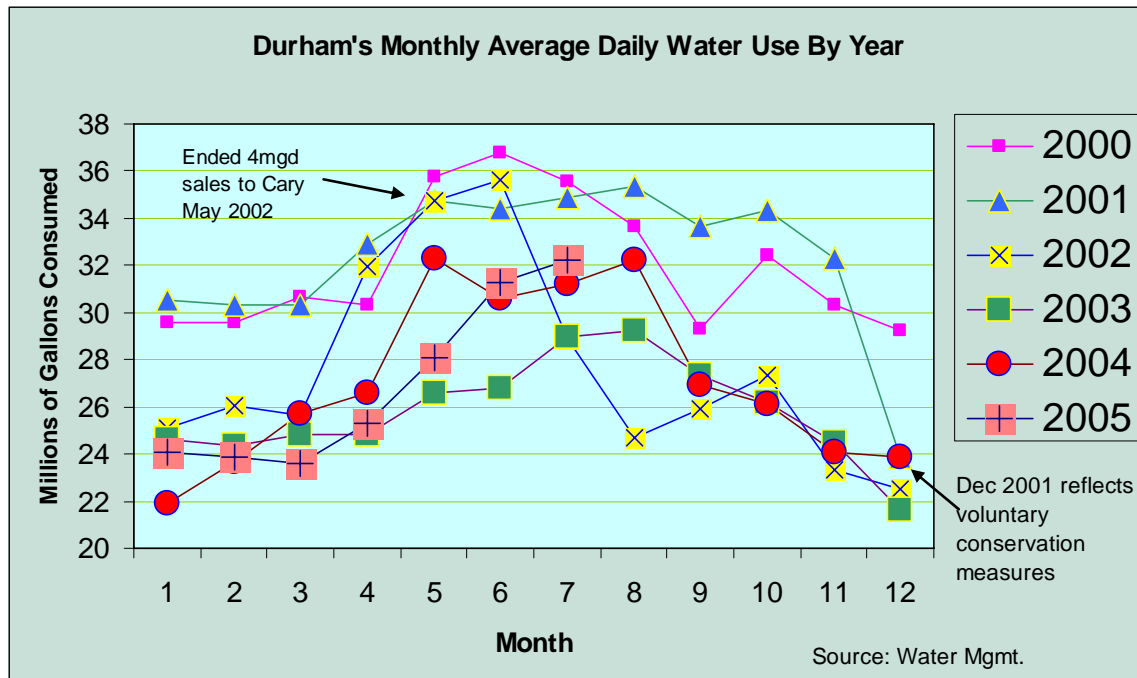
This provides a summary of budgeted revenues and expenditures in each enterprise fund. We have summarized below the outcome for each major fund.

Water & Sewer Operating Fund

With a more stable water use pattern emerging, the Water and Sewer Fund has returned to a stable financial situation. Projections show the FY05 year ending with revenues meeting budget expectations and expenditures, as usual, being held significantly below budget levels. Water and Sewer Fund operations have finished in a strong positive position the past two years. There will be sufficient available funding to address carryover requests for one time deferred purchases exceeding \$1 million. There is also a sufficient surplus to cover the FY06 budgeted fund balance transfer of \$5 million to fund CIP projects without negatively impacting fund balance.

Revenues indicate that the rates implemented over the past two budget cycles, along with the more seasonable weather pattern, are producing the desired impact. That is, the fund is in compliance with revenue bond rate covenants as well as showing the ability to provide operating reserves for debt service, deferred maintenance and capital needs. The funding of these budgeted reserves has not been possible in the past two fiscal years due to a shortfall in revenues. The Water and Sewer Fund is a self-sufficient fund.

As evidenced by the FY 2006-2011 Capital Improvement Program Budget, both water and wastewater capital needs in the near future are substantial. The ability to maintain a healthy current revenue stream is mandatory if revenue bonds are to be utilized as a future CIP funding source. The current rate model shows moderate annual rate increases will be needed for future debt service related to CIP funding. If consistently applied, these increases can be kept well below the increases of FY04 and FY05. The continued attempt to source new large or bulk water customers while the City still has adequate capacity is also a strategy that could help moderate future annual rate increases.



Storm Water Management Fund

For fiscal year end, projected results show the fund ending with a positive result. Both revenues and expenditures are projected to be below budgeted levels. This result is consistent with the FY04 year end. The additional street cleaning crew and equipment approved in the FY 2005 budget, located in the Solid Waste Collections Department will be brought on line the first quarter of FY 2006. This provided expenditure savings from budgeted amounts.

For FY 2005, storm water fees were substantially increased to provide service enhancements, such as a new stream cleaning crew, as well as additional private property project funding. The increase in storm water fees has allowed for significant progress in addressing these needs. New for FY 2005, operating revenues are now transferred to Storm Water CIP accounts for private property projects as well as watershed planning and design. The Storm Water Management Fund is a self-sufficient fund.

Parking Facilities Fund

The Parking function was outsourced during the last quarter of fiscal 2003. The Parking Fund is budgeted to generate about two-thirds of its \$2 million budget, inclusive of debt service on the parking garages, from parking charges and receives a General Fund subsidy for the remainder.

Projections for fiscal year end show a break even year. The fund is projected to finish with a slightly positive result with both revenues and expenditures being slightly under budget.

As was noted in earlier financial reports, the parking contract contains a price break point of \$1,090,000 in Garages and Lot 8 revenues. When this break point is achieved the payment to the vendor decreases from 72.73% of these revenues to only 20% of revenues. Achievement of the price break point is the key factor to a successful year in this fund. This price break point was achieved in FY 2005.

The parking contract also includes fixed fees as well as an 8% of revenues payment to the vendor for on-street parking services. Although these services are included in the contract and in parking operations, they are accounted for separately in the General Fund and are thus not part of the Parking Fund projections.

Solid Waste Disposal Fund

FY 2005 projections suggest the Solid Waste Disposal Fund will finish the year slightly below budget in revenues and below budget in expenditures for an overall positive result.

This fund provides for solid waste disposal related activities, the rubble landfill operations, post-closure monitoring of the closed landfill and related debt service. Solid Waste collections, yard waste, bulky item pickup, the Impact Team and recycling efforts are all funded through the General Fund.

The Solid Waste Disposal Fund generates about 74% of fund revenue needs through charges and other revenues and receives a General Fund subsidy.

Ballpark Fund

The Ballpark Fund currently relies on the General Fund for 76% of the budgeted funding.

Projected FY05 results are positive with revenues exceeding budget by \$75,261 and expenditures under budget by \$189,595. This result is consistent with the prior fiscal year.

Transit Operations Fund

Fund revenues for FY05 will, as noted in earlier reports, finish significantly below budget. This is due to a revised allocation in FY2005 for the State Maintenance Assistance Grant Program (SMAP), a significant part the DATA operating revenues. This lost grant revenue amounts to \$800,000. Expenditures are projected to be under budget by roughly 6%. Combined, the fund is projected to end the year with expenditures exceeding budget by about \$400,000.

Changes for FY05 included a mid-year License Fee increase from \$5 to \$10. The Transit Operations Fund receives a significant amount of support from other fund transfers. Specifically, the General Fund and Transit Trust Fund account for 33% of budgeted fund revenues in FY05. State grants are the other large funding source for the Transit Operations Fund. Federal grants are generally accounted for in a separate grant fund

although much of this funding is utilized for maintenance and other ongoing operational needs. With the fee increases approved for FY04, charges to system riders return about 22% of the cost of operations. Federal and State sources then fund the remaining 45% of Transit operations.

Water and Sewer Capital Facility Fee Fund

Capital Facility Fees are charged to new development or facility expansion that results in a greater demand on the City's water supply, water treatment capacity, and wastewater treatment capacity. These fees are currently transferred to the Water and Sewer Operating Fund where they are expended on debt service associated with providing for capital facilities; the purpose for which these fee are collected.

Defined as non-operating revenues, Capital Facility Fees do not count as current revenues in the computation of revenue bond covenant debt service coverage. Thus, any increase in these fees, as was implemented for the 2005 fiscal year, will provide for current and future debt service needs, but not reduce any need for consumption and service charge fee increases related to revenue bond debt covenants.

For the year, revenues are projected to finish strongly up, roughly \$1.37 Million over the FY04 actual. The timing of these fees is somewhat sporadic. Although there was a small fee increase of \$200 per new meter for FY04-05, this increase is mostly attributable to increased new development activity (and/or the timing of that activity to be included in this fiscal year).

Civic Center Fund

City and County contributions provide 82% of current Civic Center Fund revenues. The largest revenue source for the Civic Center Fund is the dedicated 0.85 cent of the City's property taxes (budgeted at \$1.3 million for FY 05). The County contribution is the next largest revenue source (budgeted at \$0.885 million for FY 05). The County pays a prorated portion of the actual expenditures as well as a fixed debt service contribution.

Projected year end results for FY05 show that the fund operated in a similar fashion to the two prior years which finished with positive results. Revenues are projected to be slightly above budgeted levels and expenditures will finish below budget.

Exhibit 4: Capital Projects

This report provides a brief summary of the capital projects.

Exhibit 5: Grants

This provides a summary of spending in each of our major grant funded programs.

Exhibit 6: Investments

This provides a summary of the allocation of our investment portfolio as well as the investment earnings during the fiscal year. An economic report prepared by the Treasury staff is also included in this exhibit.

Exhibit 7: Risk

This provides a report of claims payments made to liability claimants in accordance with Council resolution #8810.

Exhibit 8: Contracts

This provides a summary of the number of contracts that were authorized during FY05.

Exhibit 9: Status of Audits of Non-City Agencies

Audit Services monitors' non-city agencies for compliance with audit or sworn statement requirements. This table is provided quarterly to give the City Council a status report on the number of agencies that have submitted audits or sworn statements.

Exhibit 10: Impact Fees

This table shows the amount of impact fee funds available for streets, open space and parks, by zone.

Exhibit 11: Tax Collections

This provides tax levy analysis and shows the year-to-date tax collection percentage.

Exhibit 12: Downtown Revitalization Fund Expenses

This provides detail of expenses out of the Downtown Revitalization Fund.

Exhibit 13: Ice Storm and Hurricane Fran Audits

This provides narratives on the December 2002 Ice Storm, and Hurricane Fran – Final Audit.

Exhibit 14: Planned Debt Issuance

This report summarizes the planned debt issuance for 2005 including the two-thirds GO bonds issue and the 1996 authority GO bond issue.

Exhibit 15: Audit Services Status Report

On August 22, 2005, the City's Audit Services Oversight Committee received a status report on audit recommendations for the three months ended June 30, 2005. During this period, the Audit Services Department issued two comprehensive audit reports. The reports included ten recommendations. City management concurred with the recommendations. The attached recommendations/implementation schedule includes the follow-up status of these recommendations along with recommendations carried over from the previous reporting period. City Management has been actively addressing audit findings and recommendations as well as the underlying causes of findings. Practical approaches to responding to audit findings and recommendations that are both effective

and efficient have been examined. These efforts have been coordinated with several initiatives of the City including the City's ERP (Enterprise Resource Planning) project.

Exhibit 16: Calvary Ministries Fundraising Report

This report summarizes the fundraising activities of Calvary Ministries to support the Community Life and Recreation Center at Lyon Park.

Exhibit 17: Donations Report

This report lists amounts donated to the City of Durham from various sources.

Future Reports

The Finance and Budget Departments have established the following reporting schedule for FY 2004-05. It is our intention to follow this schedule in order to provide timely information on the financial status of the City.

Quarter	End of Quarter	Tables Prepared	Report Completed
1 st quarter	Sept. 30	Oct. 30	Nov. 15
2 nd quarter	Dec. 31	Jan. 30	Feb. 15
3 rd quarter	Mar. 31	Apr. 30	May 15
4 th quarter	Jun. 30	Aug. 30	Sept. 15

CITY OF DURHAM CITY COUNCIL PRIORITIES FY 2004-05 CITYWIDE MAJOR INITIATIVES

Goal: All Durham Citizens are Safe.

Strategies

- Support after-school programs and other programs for youth.
- Support gang prevention strategies.
- Support initiatives to apply the “broken window” strategy of crime prevention.
- Support strategies to employ rapid emergency response.

Measure (Reporting Department)	Actual FY 2002-03	Adopted FY 2003-04	Projected FY 2003-04	Goal FY 2004-05	1 st Quarter	2 nd Quarter	3 rd Quarter	4 th Quarter	Year to date
Violent Crime Clearance Rate (Police)	39%	40%	41%	42%	43.4%	37.3%	60.5%	55.3%	49.1%
# and % Reduction in violent crime (Police)	1807 5%	1630 5%	1664 5%	1581 5%	403 3.1%	343 17.6% a	291 34.0%	387 -16.3% c	1424 11% b
Fires contained to room of origin (Fire)	80%	80%	86%	80%	49%	47%	56%	47%	50%

- a. Number was adjusted from the 2nd quarter Major Initiatives Report. Figure is calculated on an annualized basis, using FY 04 projections and FY 05 goal.
- b. The percentage reduction accrues across a 12-month period, so quarterly percentages reflect year-to-date FY 05 performance when compared with the FY 04 data annualized (assumes crime occurs equally over the four quarters of FY 04).
- c. Compared to Q4 of FY 03-04.

CITY OF DURHAM, NORTH CAROLINA

General Fund Activity and Year End
Projection by Department and Class
for Quarter Ending June 2005

DEPARTMENT	FY 2005 ADJUSTED BUDGET	ACTIVITY THROUGH JUNE 2005	ENCUM- BRANCE BALANCE	PROJECTION THROUGH YEAR END	VARIANCE with FINAL BUDGET- POSITIVE (NEGATIVE)
Audit Services	521,891	490,285	24,000	514,578	7,313
Budget & Management Services	756,325	718,991	2,439	728,511	27,814
City Attorney	998,298	938,000	5,151	963,517	34,781
City Clerk	508,709	473,924	4,380	492,741	15,968
City Council	239,594	193,341	1,048	195,269	44,325
City Manager	968,997	976,418	4,386	967,918	1,079
City/County Inspections	2,986,930	2,903,901	8,809	2,918,566	68,364
City/County Planning	3,045,863	2,681,489	82,833	2,793,651	252,212
Economic & Employment Development	1,159,852	698,879	711,120	1,067,064	92,788
Emergency Communications and Management	3,576,803	2,747,589	752,534	3,502,208	74,595
Equal Opportunity-Equity Assurance	439,588	413,074	19,585	433,965	5,623
Finance	5,561,547	4,642,691	172,912	5,022,256	539,291
Debt Service		-	-	-	-
Fire	19,066,069	18,306,240	353,197	18,717,930	348,139
Transfer	13,401	-	-	13,401	-
Housing & Community Development	2,236,056	1,867,173	141,172	2,153,622	82,434
Human Relations	371,389	356,737	7,351	363,884	7,505
Human Resources	1,513,367	1,359,747	64,336	1,502,035	11,332
Information Center	536,723	522,395	15,839	482,788	53,935
Parks & Recreation	6,739,412	5,628,065	693,297	6,412,871	326,541
Transfer	19,656	19,656	-	19,459	197
Police	38,030,482	37,200,323	332,843	37,692,645	337,837
Transfer	21,581	20,253	-	21,365	216
General Services	12,816,307	11,266,972	2,570,410	12,716,968	99,339
Transfer	271,195	232,000	-	268,483	2,712
Public Affairs & Citizens Assistance	405,234	273,862	70,437	389,025	16,209
Public Works	12,068,351	10,786,859	1,129,184	11,706,300	362,051
Transfer	118,209	-	-	117,027	1,182
Street Lighting	1,673,142	1,665,737	183	1,606,399	66,743
Solid Waste Collection	13,798,658	12,297,940	1,363,740	13,732,685	65,973
Technology Solutions	4,033,011	3,702,982	305,525	4,031,691	1,320
NonDepartmental	10,416,484	9,533,657	428,623	10,123,989	292,495
Debt Service	19,682,191	18,408,868	-	18,599,764	1,082,427
Transfer	10,863,327	10,863,327	-	10,754,694	108,633
Total	175,458,642	162,191,375	9,265,334	171,027,269	4,431,373

CLASS	FY 2005 ADJUSTED BUDGET	ACTIVITY THROUGH JUNE 2005	ENCUM- BRANCE BALANCE	PROJECTION THROUGH YEAR END	VARIANCE with FINAL BUDGET- POSITIVE (NEGATIVE)
Personal Services	96,833,164	94,959,376	526,071	95,556,022	1,277,142
Operating Expenditures	40,588,807	33,716,821	6,306,806	39,317,204	1,271,603
Capital Outlay	6,650,081	3,971,074	2,432,457	6,405,641	244,440
Debt Service	19,682,191	18,408,868	-	18,599,765	1,082,426
Transfers Out	11,704,399	11,135,236	-	11,148,637	555,762
Total	175,458,642	162,191,375	9,265,334	171,027,269	4,431,373

CITY OF DURHAM, NORTH CAROLINA

General Fund Revenues and Other

Financing Sources Activity and Year End

Projection for Quarter Ending June 2005

	FY 2005 ADJUSTED BUDGET	ACTIVITY THROUGH JUNE 2005	PROJECTION THROUGH YEAR END	VARIANCE with FINAL BUDGET- POSITIVE (NEGATIVE)
REVENUES				
Taxes	\$ 121,079,728	\$ 117,367,948	\$ 124,515,939	\$ 3,436,211
Licenses and permits	7,583,088	10,025,324	9,084,127	1,501,039
Intergovernmental revenues	15,895,311	16,035,223	16,072,684	177,373
Investment and rental income	1,718,927	372,931	675,996	(1,042,931)
Charges for services	10,222,071	9,343,930	9,375,945	(846,126)
Intragovernmental services	788,800	903,449	915,835	127,035
Assessments	196,293	147,492	234,475	38,182
Sale of property and miscellaneous	2,087,009	1,699,561	2,073,135	(13,874)
Indirect cost	-	-	5,786,275	5,786,275
Total revenues	<u>159,571,227</u>	<u>155,895,858</u>	<u>168,734,411</u>	<u>9,163,184</u>
OTHER FINANCING SOURCES				
Transfer from other funds	7,438,307	230,000	496,488	(6,941,819)
Certificates of participation	3,365,848	-	3,365,848	-
Transfer from reserves	3,812,837	-	-	(3,812,837)
Appropriation from fund balance	<u>1,270,423</u>	<u>-</u>	<u>-</u>	<u>(1,270,423)</u>
Total other financing sources	<u>15,887,415</u>	<u>230,000</u>	<u>3,862,336</u>	<u>(12,025,079)</u>
Total revenues and other financing sources	<u>\$ 175,458,642</u>	<u>\$ 156,125,858</u>	<u>\$ 172,596,747</u>	<u>\$ (2,861,895)</u>

Goal: Every citizen in Durham has access to adequate, safe and affordable housing.

Strategies:

- Increase availability and accessibility of affordable housing to low and moderate income families by 35%.
- Increase houses brought on line with the minimum housing code by 20% per year for the next 5 years.
- To partner with nonprofit and for-profit developers, and community groups to effectively optimize the public and private resources in creating access to affordable housing.
- To benchmark best practices in the administration and delivery of housing and community development programs.

Measure (Reporting Department)	Actual FY 2002-03	Adopted FY 2003-04	Projected FY 2003-04	Goal FY 2004-05	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter	Year to date
# Units of affordable housing created (Housing)	18	10	16	22	10	7	14	8	31
% Increase in number of houses brought in compliance with minimum housing code. (Housing)	-46%	76% Goal = 2200	61%	45% Goal = 3200	43% Actual = 788	0.5% Actual = 553	17% Actual = 644	117% Actual = 1195	39 % Actual = 3060

Goal: Durham enjoys a prosperous economy.

Strategies:

- Support strategies that provide training to un- or underemployed to qualify for jobs.
- Support strategies to recruit jobs tailored to Durham workforce.
- Support strategies that encourage entrepreneurial and small business growth.
- Support economic and housing development and revitalization efforts in downtown and neighborhoods.

Measure (Reporting Department)	Actual FY 2002-03	Adopted FY 2003-04	Projected FY 2003-04	Goal FY 2004-05	1 st Quarter	2 nd Quarter	3 rd Quarter	4 th Quarter	Year-to-date
Tax base growth *	2.7%	3.0%	3.4%	3.1%	Annual	Annual	Annual	Annual	3.3%
• Citywide	\$4.562 B	NA	\$4.6 B	\$4.6 B	Annual	Annual	Annual	Annual	\$5.8 B
• Northeast Central Durham (old measurement method)	NA	NA	\$206 M	\$206 M	\$206.5 M	\$206.6 M	\$206.6 M	\$206.6 M	\$206.6 M
• Northeast Central Durham (new measurement method)			\$188 M	\$188 M	\$188 M	\$188 M	\$188 M	\$188 M	\$189 M
• State Economic Development Zone	NA	NA	\$3.1 B	\$3.1 B	\$3.6 B	\$3.6 B	\$3.6 B	\$3.7 B	\$3.7 B
• Downtown (Economic Development)	N/A	NA	\$421M	\$421M	\$452 M	\$456 M	\$456 M	\$463M	\$463 M
Per capita income – County (Economic Development)	\$31,261	N/A	\$30,494	\$30,494	Annual Measure	Annual Measure	Annual Measure	Annual Measure	\$31,129

* Significant increase in building permits issued in FY05 (149% non-residential additions, 137% non-residential permit increase)
Total construction costs (\$465.3 M for CY05 YTD vs. \$314M for CY04)

Goal: Durham citizens enjoy a healthy environment.

Strategies:

- Pursue strategies to reduce ozone non-compliance days
- Maintain and strengthen programs and policies to provide a safe and sufficient water supply
- Implement programs to maintain a healthy built environment

Measure (Reporting Department)	Actual FY 2002-03	Adopted FY 2003-04	Projected FY 2003-04	Goal FY 2004- 05	1 st Quarter	2 nd Quarter	3 rd Quarter	4 th Quarter	Year- to- date
# of units abated for lead-based paint (Housing)	35	35	30	35	18	20	27	11	76
# of "code orange" or "code red" ozone days in the Triangle (May - Sept.) (Public Works)	29 (2002) 8 (2003)	16 (2004)	16 (2004)	14 (2005)	1	0	0	2	3
Average Water Quality Index (Public Works)	71	N/A	77	79	61	80	88	77	77

Goal: Durham citizens enjoy sustainable, thriving neighborhoods with efficient & well-maintained infrastructure.

Strategies:

- Support Strategies to identify and fund deferred capital and maintenance needs of City infrastructure.
- Support Strategies to ensure new development does not exceed capacity of available infrastructure.

Measure (Reporting Department)	Actual FY 2002- 03	Adopted FY 2003- 04	Projected FY 2003-04	Goal FY 2004- 05	1 st Quarter	2 nd Quarter	3 rd Quarter	4 th Quarter	Year-to- date
CIP Investment per capita (Budget)	\$85	\$157	\$145	\$130	Annual Measure	Annual Measure	Annual Measure	Annual Measure	\$201
% of infrastructure related complaints received in Call Center (City Manager)	New Measure	New Measure	New Measure	Will set baseline in 04-05	<u>270</u> 50,147	<u>66</u> 46,740	<u>331</u> 46,500	<u>379</u> 52,592	0.5% <u>1046</u> 195,979
Lane miles of streets resurfaced (Public Works)	3.48	19	19	28	12.7	8.0	0	0	20.7
Annual average water demand as % of available capacity (Water Mgmt)	50.1%	60.6%	52.7%	52.7%	62.5%	53.9%	53.4%	62.6%	58.1%

Goal: Durham citizens enjoy a city rich in aesthetic beauty.

Strategies:

- Support programs which remove visual barriers to aesthetic beauty.
- Support programs that strengthen the City's partnerships with community groups' work on combating litter

Measure (Reporting Department)	Actual FY 2002-03	Adopted FY 2003-04	Projected FY 2003-04	Goal FY 2004-05	1 st Quarter	2 nd Quarter	3 rd Quarter	4 th Quarter	Year to date
% increase in citizens participating in clean up campaigns (Spring Clean & Swap) (Solid Waste)	-17.8%	NA	128.1%	12.2%	Annual measure	Annual measure	Annual measure	Annual measure	-14%
% Streets rated as litter free by "Keep America Beautiful" survey (Solid Waste)	New Measure	New Measure	New Measure	Will set baseline in 04-05	Annual measure	Annual measure	Annual measure	Annual measure	35%
# of illegal dumps removed by Impact Team (Solid Waste)	707	NA	636	700	242	226	273	227	938

Goal: Durham citizens enjoy a vibrant city that embraces and promotes its cultural diversity and heritage.

Strategies:

- Support Efforts to preserve the cultural heritage of the City.
- Support Strategies to involve all residents, regardless of language, in City workplace, programs, and activities.
- Increase the percentage of Boards and Commissions that reflect the diversity of the Durham community.

Measure (Reporting Department)	Actual FY 2002-03	Adopted FY 2003-04	Projected FY 2003-04	Goal FY 2004-05	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter	Year to date
Percent identified historical structures that are City-protected (Planning)	30% of 2,743 structures	No Goal Set	30% of 2,743 structures	33% of 2,743 structures	30% 821	3% 81	<1% 1	0% 0	33% 903 of 2,743 structures
% Increase in number of cultural, social, recreational venues & program offerings available, in aggregate, that reflects the demographic, lifestyle, heritage/history and ethnic diversity of Durham (Parks & OEED)	NA	NA	54	91% 103	NA% 45 9 DPR 36 OEED	NA% 30 16 DPR 14 OEED	NA% 12 10 DPR 2 OEED	NA% 17 14 DPR 3 OEED	100% 104
% Increase in aggregate attendance at cultural venues and events (DCVB)	NA 1,747,184	NA	11.3% 1,945,194	5% 2,042,455	-2.5% 603,317	7.8% 435,775	7.1% 398,178	10% 558,638	15.7% 1,985,464

* Comparing YTD FY05 to Projected FY04

Goal: Durham citizens enjoy an efficient and accountable City government

Strategies:

- Increase City's General Fund Balance.
- Streamline contracting, purchasing and other fiscal policies.
- Continue aggressive implementation of Enterprise Resource Planning initiative.
- Continue progressive implementation of Pay for Performance structure for all departments.

Measure (Reporting Department)	Actual FY 2002- 03	Adopted FY 2003- 04	Projected FY 2003-04	Goal FY 2004-05	1 st Quarter	2 nd Quarter	3 rd Quarter	4 th Quarter	Year to date
City's bond rating (Finance)	AAA	AAA	AAA	AAA	Annual Measure	AAA Affirmed by S&P 12/28	Annual Measure	Annual Measure	AAA
Fund Balance (Finance)	10%	10%	10%	10%	Annual Measure	12.16% Per 10/29 CAFR	Annual Measure	Annual Measure	12.16 %

Exhibit 3

Water and Sewer Operating Fund Month Ended June 30, 2005

	Actual	Budget	Percent of Budget	Year-End Projection	Year-End Positive/ (Negative)
Revenues					
Operating revenues	\$ 49,482,165	\$ 48,041,377	103.00%	49,482,165	1,440,788
Licenses and Permits	50,850	57,242	88.83%	50,850	(6,392)
Other operating	-	-		-	-
Total operating revenues	49,533,015	48,098,619	102.98%	49,533,015	1,434,396
Nonoperating revenues					
Intragovernmental revenue	50,748	305,000	16.64%	305,000	-
Investment income	1,237,789	1,886,800	65.60%	1,237,789	(649,011)
Interest assessments	223,233	257,413	86.72%	223,233	(34,180)
Rental income	165,040	200,000	82.52%	165,040	(34,960)
Water Frontage	758,670	612,240	123.92%	758,670	146,430
Sewer Frontage	764,869	816,320	93.70%	764,869	(51,451)
Miscellaneous	64,334	35,020	183.71%	64,334	29,314
Transfers from reserves	-	2,272,206	0.00%	2,272,206	-
Operating transfers from other funds	605,324	4,806,003	12.60%	4,806,003	-
Total nonoperating revenues	3,870,008	11,191,002	34.58%	10,597,145	(593,857)
Appropriation from fund balance	-	3,148,395	-	3,148,395	-
Total revenues	\$ 53,403,023	\$ 62,438,016	85.53%	\$ 63,278,555	\$ 840,539
Expenditures					
Finance Department					
Personal services	\$ 201,925	210,350	95.99%	\$ 201,925	\$ 8,425
Operating expenditures	22,273	35,400	62.92%	22,273	13,127
Total Finance Department	224,198	245,750	91.23%	224,198	21,552
Water Management Department					
Personal services	12,087,270	13,494,089	89.57%	12,087,270	1,406,819
Operating expenditures	10,173,231	15,429,786	65.93%	10,841,081	4,588,705
Capital outlay	701,049	1,062,828	65.96%	1,062,828	-
Total Water Management Department	22,961,550	29,986,703	76.57%	23,991,179	5,995,524
Public Works Department					
Personal services	1,461,217	1,557,510	93.82%	1,461,217	96,293
Operating expenditures	177,610	355,527	49.96%	177,610	177,917
Capital outlay	14,518	25,989	55.86%	14,518	11,471
Total Public Works Department	1,653,345	1,939,026	85.27%	1,653,345	285,681
Non-Departmental	5,845,944	5,990,451	97.59%	5,990,451	-
Debt Service					
Principal	8,986,040	9,328,574	96.33%	9,284,723	43,851
Interest and fiscal charges	6,994,409	6,964,831	100.42%	7,008,639	(43,808)
Total Debt Service	15,980,449	16,293,405	98.08%	16,293,362	43
Operating transfers to other funds	6,482,682	6,482,682	100.00%	6,482,682	-
Appropriation to fund balance	-	1,500,000	0.00%	1,500,000	-
Total expenditures	\$ 53,148,168	\$ 62,438,017	85.12%	\$ 56,135,217	\$ 6,302,800

Revenues less Expenditures

7,143,337

CAPITAL IMPROVEMENT PROJECTS June 30, 2005 Quarterly Report FY2005 -- Fourth Quarter

PROJECTS	FINANCIAL SUMMARY			PROJECT STATUS
	Authorized Budget	Expenditures and Encumbrances	Available Balance	June 30, 2005 BRIEF REPORT
<i>Culture and Recreation:</i>				
C.M. Herndon Park	\$ 3,579,684	\$ 3,443,384	\$ 136,300	Unsuitable soil and rock conditions have been a major hindrance to this project. Additional budget added to project by Council action 1/6/05. Expected completion date 10/01/05
Cook Road Park	820,000	816,664	3,336	Project complete
Bethesda Park	120,000	89,755	30,245	Currently funded work is completed; Master Plan presented to Council. Funding for site plan and CD's allocated in 2005-06 CIP. Advertisement for design services will be issued soon.
Northern Athletic Park (was Vintage Hill or Little River)	322,000	283,725	38,275	Land exchange with TCL approved by Council on 1/18/05; \$100,000 moved from this project by Council approval on 1/20/05 to Downtown Trail. Property is currently being surveyed preparatory to conveyance. No change this quarter.
Lyon Park Family Life Center	6,750,000	6,726,069	23,931	Construction contract settled. Project complete
Leigh Farm Park	200,000	99,419	100,581	New project, Council approved 3/7/2005. New land purchases complete. RFQ has been issued for plan for historic renovations.
Eno Greenway	1,103,427	130,035	973,392	Project increased by \$125,000 Capital Project Ordinance approved 6/21/04 for FY05. Site plan approved and environmental permits secured. Construction contract increased by \$313,000 from impact fees 1/03/05 Council Action. All permits (FEMA, DENR, Corps) have been received and CD's submitted to Public Works. No change this quarter.
I.R. Holmes Center/Campus Hills	130,400	45,528	84,872	New project for FY05 to provide additional space for activities, including weight rooms and classrooms. Contract approved 1/18/05, design work underway. Fall 2005 construction bid anticipated. No change this quarter.
Northeast Central Durham Recreation Cntr.	100,000	26,500	73,500	New project for FY05 to provide a new recreation center in the NECD area. Currently under contract with architectural firm to determine feasibility and cost of space needs for various partners in converting Holton M.S. into new uses. DPS retains bldg. ownership and major use for vocational education; City will be a partner with a recreation center on-site.
Open space and greenway preservation	7,183,187	4,839,493	2,343,694	Downtown Trail completed. Third Fork Creek Trail has approved site plan & environmental permits; will be bid for construction in September 05.
Park renovations	6,570,606	5,454,853	1,115,753	Project increased by \$600,000- Ordinance amendment 6/21/04 for FY05. New funding will support athletic field renovations. \$95,975 moved to C.M. Herndon by Council Approval 1/06/05. Long Meadow has approved site plan, expect bid construction in September 2005. Pump house & and pool renovations completed.
Playground renovations	3,161,275	2,162,600	998,675	River Forest and Whippoorwill are complete. Morreene Rd, Lyon Park, Cornwallis Rd. and Westover under design contracts. No change this quarter
Pool replacement	1,473,904	1,382,299	91,605	Construction is substantially complete. Design correction in progress.

CAPITAL IMPROVEMENT PROJECTS

June 30, 2005 Quarterly Report

FY2005 -- Fourth Quarter

PROJECTS	FINANCIAL SUMMARY			PROJECT STATUS
	Authorized Budget	Expenditures and Encumbrances	Available Balance	June 30, 2005 BRIEF REPORT
Recreation center and ball field renovations	887,954	776,449	111,505	Long Meadow Ball Field renovation completed. Contract for renovations of fields at Erwin Field, Piney Wood, Rover Forest, Valley Springs, Old North Durham and Old Farm were bid unsuccessfully several times, so City is self-performing work one field at a time. Piney Wood is under construction, Erwin Field will be next.
School lighting and storage improvements	666,149	666,149	-	Hillside complete, additional funding for Riverside approved by Council on 5/03/04 for \$122,218. Project increased by Council action 6/20/05 to complete final phase of construction, anticipate completion by August 31. Utility work on site has run into significant rock and has experienced delays; now waiting installation of building.
Twin Lakes Park	420,000	420,000	-	New Project for FY05 to replace existing athletic field with artificial turf. Project is complete. Project increased in FY06 budget year to install lighting, which will be in place by September 15.
Walltown Recreation Center Study	325,000	25,206	299,794	Study complete. Project increased 300,000 by ordinance 6/21/04 for FY05. Initial contract recommendation rejected by Council; DPR negotiating new contract for design services; design work should begin in Fall, 2005.
West Chapel Hill Road Park	591,473	580,855	10,618	amending consultant contract for design and construction documents. Funding for this project decreased by 300,000 ordinance amendment 6/21/04. Planning new round of public meetings with revised project scope; project name to be changed to Old Chapel Hill Road Park for FY06 Year. Contract for design services approved with Haden-Stanziale; site plan and CD's underway.
American Tobacco Trail-Morehead to Cornwallis	5,917,250	4,333,166	1,584,084	Trail access at Apex Street completed; NRTF reimbursement applied for.
Downtown Trail	906,695	864,723	41,972	Project completed and PARTF deadline met.
<i>Total Culture and Recreation</i>	41,229,004	33,166,872	8,062,132	

CAPITAL IMPROVEMENT PROJECTS

June 30, 2005 Quarterly Report

FY2005 -- Fourth Quarter

PROJECTS

PROJECTS	FINANCIAL SUMMARY			PROJECT STATUS
	Authorized Budget	Expenditures and Encumbrances	Available Balance	June 30, 2005 BRIEF REPORT
<i>Downtown Revitalization:</i>				
American Tobacco Parking Garages	15,362,992	15,263,443	99,549	North Deck is complete and in contract closeout phase.
Foster/Corcoran/Center City Plaza Realignment	11,735,109	11,735,109	-	Project increased by 1,262,595 by Council action 11/01/04. Construction is underway and progressing well. Currently working with utility conflicts. This is a 2.5 year project.
Parrish Street Redevelopment	1,060,000	853,763	206,237	FY04 complete. Project increased by 200,000 for FY05. No change this quarter
Neighborhood Development	250,000	-	250,000	Project will be closed out of CIP, activity will happen under Downtown Development
USA Baseball	334,406	197,079	137,327	New project for FY05. No change this quarter
<i>Total Downtown Revitalization</i>	28,742,507	28,049,394	693,113	The Office space was delivered to USA Baseball January 3,2005. Waterproofing work complete. Project closed

CAPITAL IMPROVEMENT PROJECTS

June 30, 2005 Quarterly Report

FY2005 -- Fourth Quarter

PROJECTS	FINANCIAL SUMMARY			PROJECT STATUS
	Authorized Budget	Expenditures and Encumbrances	Available Balance	June 30, 2005 BRIEF REPORT
<i>General Services:</i>				
ADA Compliance	904,991	161	904,830	Report from Justice Dept received in August '04, interim agreement in process. FY05 funding added 6/21/04 - \$754,991 Selection of Consultant in November, 2004.
Carolina Theatre	3,269,714	228,820	3,040,894	Phase II Construction-Safety project to bid in 4th quarter 2005. This portion of the project was delayed because design firm ceased operating. Selection process for design consultant for HVAC replacement (2.7M) will begin July 2005.
Cemetery Accounting System	100,000	99,600	400	complete, project removed from CIP 6/21/04- final payment to vendor in September, 2004
Centre Parking Deck Repair	422,000	-	422,000	New project for FY05. Selection process for design consultant for structural repairs will begin July 2005.
City Hall Space Expansion	5,755,300	4,021,340	1,733,960	Committee Room renovations has begun and will be complete in September 2005. City Hall renovations scheduled to begin early Spring 2006.
City Hall HVAC Replacement	1,361,000	701,567	659,433	Phase I construction complete. Bids for HVAC replacement and intake will be received in August 2005. Construction scheduled to be complete February 2006.
Civic Center	403,500	-	403,500	New Project for FY05. Selection process for design consultant for exhibition hall renovation will begin July 2005
Deferred Maintenance Study	375,000	374,679	321	Study complete, removed from CIP 6/21/04 - final encumbrance paid in FY05
Solid Waste Transfer Station Study	30,000	22,076	7,924	New Project for Fy05 to evaluate and address the substandard condition of the existing transfer station. Project complete.
Durham Arts Council Renovation	1,132,070	476,493	655,577	chiller replacement complete. Project increased by 628,155 on 6/21/04 for FY05 to begin Phase II which is in the planning stage. Selection process for design consultant exhibition hall renovation will begin July 2005.
Fleet Maintenance Tire Storage	330,593	303,418	27,175	Project complete
<i>Total General Services</i>	14,084,168	6,228,154	7,856,014	

CAPITAL IMPROVEMENT PROJECTS

June 30, 2005 Quarterly Report

FY2005 -- Fourth Quarter

PROJECTS	FINANCIAL SUMMARY			PROJECT STATUS
	Authorized Budget	Expenditures and Encumbrances	Available Balance	June 30, 2005 BRIEF REPORT
<i>Housing and Neighborhood Revitalization:</i>				
Affordable Housing	50,500,750	45,321,917	5,178,833	Major project activity: <u>Andover I</u> - 10 special needs rentals now complete and the next phase, <u>Andover II</u> , will be done with HOME Funds. <u>Barnes Avenue</u> - plat adopted, site preparation completed, and construction permitting for Phase I and 2 is underway. <u>Gattis Street</u> - infrastructure completed and street renamed Pauli Murray Place, 7 houses by Habitat completed, construction by Self Help and DCLT in progress. <u>Glendale/UDI CDC</u> - 2 houses completed. <u>Nations Avenue</u> - 6 units of special needs rentals for 18 persons completed. <u>Walltonw V</u> 1 mortgage completed.

Public Protection:

Broadway Facility Acquisition and Retrofit	2,407,276	1,198,966	1,208,310	Project increased by 807,276 on 6/21/04. Design services work to begin July 2005.
Fire Station #8	1,450,000	1,391,216	58,784	Project complete
Fire Station #16	2,430,500	670,808	1,759,692	Project is on revised schedule with construction to start in November 2005.
911 Radio Equipment Upgrade	27,500	-	27,500	additional funds needed for project to go forward - no change
Police Headquarters	2,546,018	-	2,546,018	New Project for FY05. Selection process for design consultant for HVAC replacement will begin July 2005.
Radio Infrastructure	7,920,000	7,920,000	-	New Project for FY05. Contract in place and on schedule.
Radio Replacement	1,000,000	999,724	276	Purchase complete
<i>Total Public Protection</i>	17,781,294	12,180,714	5,600,580	

CAPITAL IMPROVEMENT PROJECTS

June 30, 2005 Quarterly Report

FY2005 -- Fourth Quarter

PROJECTS	FINANCIAL SUMMARY			PROJECT STATUS
	Authorized Budget	Expenditures and Encumbrances	Available Balance	June 30, 2005 BRIEF REPORT
<i>Transportation:</i>				
Alston Avenue Extension	900,000	-	900,000	Planning and design has not yet been initiated. Staff resource issues. No change this quarter
Apex Street Bridge	100,000	-	100,000	Council voted not to enter into contract with NCDOT to replace bridge. A consultant has been hired to perform a study on the replacement of the bridge as a pedestrian only facility. Their findings will be presented to Council for direction.
Carver Street Extension	2,500,000	-	2,500,000	New project for FY05. This project extends & expands capacity in northeastern Durham from Sudbury Rd east to Old Oxford Hwy. It now appears that a developer will build a portion of the roadway as part of a development. The City is currently working with the developers to determine their schedule and the limits of construction. The Project has significant wetland issues.
Fayetteville Road Widening	8,102,638	7,902,202	200,436	Project substantially complete. Amended 11/01/04 to transfer \$897,362 to MLK Parkway. Project is being closed out.
Fayetteville Road Widening Phase II	692,400	-	692,400	New project for FY05. This project will widen Fayetteville Road from Woodcroft Prkway to Riddle Rd. Design is essentially complete from Woodcroft Parkway to Barbee Rd. An agenda item will be going forward to amend the existing design contract to include the additional work required to design from Barbee Rd. to Riddle Rd. Budget amended 11/1/04 to transfer 600,000 to MLK Parkway. Some minor ROW acquisition may occur.
Federal and State Match Projects	5,389,568	4,879,087	510,481	Various stages of design and construction, NCDOT contract commitments estimated completion between 2004-2006. Project received a net increase of \$174,640 on 11/15/04 and 12/20/04.
NC 147/Bicycle/Pedestrian Bridge	2,000,000	-	2,000,000	Consultant selected. Contract negotiations nearing completion. Professional services contract is under design. The first steps involve a survey of the existing conditions followed by a public involvement comment period.
Martin Luther King, Jr. Parkway	15,767,366	15,503,213	264,153	Contract awarded by Council 11-1-04. Project increased by \$1,497,362 on 11/01/04 by Council action. Construction is underway and is expected to be completed by the end of 2006.
Traffic Signal System Upgrade	2,568,500	2,094,821	473,679	Project performance period extended by NCDOT. Completion of intermediate phases warranted additional payments by the City to NCDOT. NCDOT's latest estimated completion is Sept. 2005. A 120 day observation period will follow completion.
Traffic Calming	1,010,000	880,776	129,224	Speed hump contract awarded and complete. Remaining funds to be used for Oval Park area improvements.
Road Resurfacing	650,000	-	650,000	Annual resurfacing of City streets. Construction to begin in September 2005 and to be completed by the end of the year.
New Dirt/Petition Street Paving	9,894,572	9,844,525	50,047	Project under construction. To be completed Summer 2006.

CAPITAL IMPROVEMENT PROJECTS

June 30, 2005 Quarterly Report

FY2005 -- Fourth Quarter

PROJECTS	FINANCIAL SUMMARY			PROJECT STATUS
	Authorized Budget	Expenditures and Encumbrances	Available Balance	June 30, 2005 BRIEF REPORT
Misc. Thoroughfare & Street Improvements	3,966,438	2,976,267	990,171	Multiple projects in ROW acquisition &/or construction, pending invoices from NCDOT. Estimated completions 2004-2006 Project increased by 300,000 for FY05 activity. Downtown street lighting fixtures contract executed with Duke Power in July, 2005 with construction occurring Fall 2005 and early 2006 (\$600,000 with related purchases)
Stadium Drive Extension	2,767,000	1,999,743	767,257	Construction is complete and the project is being closed out.
Garrett Road Extension	700,000	100,000	600,000	Design contract has been awarded. Construction will begin in 2006.
Sidewalk Replace & ADA Compliance	1,707,600	1,698,769	8,831	Wheelchair Ramp contract under construction
New Sidewalk Construction	4,509,000	4,292,033	216,967	One final contract with residual funds will be bid Fall 2005 with a completion date of Summer 2006. Additionally, Funds will be used to prepare a comprehensive sidewalk plan to include an inventory & GIS mapping layer of all public s/walks & wheelchair ramps including condition ratings. The study will also include public participation & will result in a S/Walk Master Plan.
Multi-Modal Transportation Center	13,435,901	4,965,516	8,470,385	Heart of Durham Hotel has been demolished, site clean and replanted. Environmental testing has identified petroleum contamination requiring further testing. Prep of construction documents has begun and negotiation of Construction Manager At Risk contract will begin in August,2005
<i>Total Transportation</i>	76,660,983	57,136,952	19,524,031	

CAPITAL IMPROVEMENT PROJECTS

June 30, 2005 Quarterly Report

FY2005 -- Fourth Quarter

PROJECTS

	FINANCIAL SUMMARY			PROJECT STATUS
	Authorized Budget	Expenditures and Encumbrances	Available Balance	June 30, 2005 BRIEF REPORT
<i>Technology:</i>				
Enterprise Resource Planning System	5,790,000	3,060,997	2,729,003	The ERP Committee selected MUNIS as the software and implementation vendor on March 30, 2005. The contract and statement of work were finalized in April; the contract was approved by Council on May 16. A kickoff meeting was held on June 14 and the Implementation team began working with MUNIS on the business analysis phase of the project. Hardware requirements for the project were finalized and necessary hardware needed for initial development, testing and training was ordered.
Workflow Automation System	863,885	850,356	13,529	Staff began review of the final prototype system which was delivered on May 2nd. The system includes all modifications requested by the implementation team after evaluating the previous prototype systems and GIS, IVR, and Web functionalities. During the evaluation of the 4th (final) prototype system, some issues with the Inspection module were discovered. In order to address the issues, Novalis needs four to five weeks of additional development time. This will possibly delay the project go-live date to the end of November.
<i>Total Technology</i>	6,653,885	3,911,353	2,742,532	
Total General Capital Projects	\$ 235,652,591	\$ 185,995,356	\$ 49,657,235	

CAPITAL IMPROVEMENT PROJECTS

June 30, 2005 Quarterly Report

FY2005 -- Fourth Quarter

PROJECTS	FINANCIAL SUMMARY			PROJECT STATUS
	Authorized Budget	Expenditures and Encumbrances	Available Balance	June 30, 2005 BRIEF REPORT
<i>Water:</i>				
Asbestos Cement Line Replacement	\$ 750,000	\$ 496,425	\$ 253,575	\$700,000 of this project transferred to the Water E&I Project by Council Action on 11/1/04 for ongoing petition, downtown street construction projects and DOT projects due to lack of funding. Will request replacement funding in next year's CIP. No change this quarter.
Brown Water Treatment Plant Expansion	6,431,282	5,858,022	573,260	Phase 1 complete except for minor punch list items, beginning phase 2 projects as funding permits. No change this quarter.
Ellis Road Tank Painting	500,000	-	500,000	FY05 Project. Contract for painting and maintenance is scheduled to be on Council agenda in August 2005. Work should begin in October 2005.
Finished Water Storage	789,473	695,649	93,824	Construction of phase 1 is complete, Phase 2 needs funding. No change this quarter.
Future Water Supply/Quality Protection	4,269,159	3,311,264	957,895	No active acquisitions in progress. New list of possible acquisitions developed. No financial change this quarter.
Little River Dam Repairs	400,000	-	400,000	FY05 Project. Work is underway for preparation of specifications. Quotes for some components of work underway.
Teer Quarry Water Storage	200,000	197,595	2,405	Option for acquisition of the quarry has been acquired. Preliminary engineering work in progress. Public open house for project held at Eno Valley School on June 30, 2005.
Two-Inch Water Main Replacement	2,088,000	1,896,881	191,119	\$600,000 of this project transferred to Water E&I projects by Council action on 11/01/04 for ongoing petition, downtown street construction projects and DOT projects due to lack of funding. Will request replacement funding in next year's CIP. No change in status reported this quarter.
Ultra-violet Treatment Facility	100,000	87,634	12,366	New project for FY05. Components for repair of UV facilities are being received and will be installed as time allows.
Water Lines Extensions and improvements	18,128,739	16,266,843	1,861,896	contracts under construction; NCDOT work continues. Project increased by 500,000 on 6/21/04 for FY05. Additional funds in the amount of \$2,500,000 were transferred by Council action 11/01/04 for NCDOT and downtown street construction projects.
Williams Water Treatment Plant Rehabilitation	15,785,500	15,784,446	1,054	Exterior and interior improvements proceeding with a roof project and a chemical improvement project.
Lake Michie Dam Renovations	900,000	428,014	471,986	Contract approved by Council, construction to begin in August 2005.
Water Supply Facility	450,000	-	450,000	New project for FY05 to provide increased security. Preparation of RFP for engineering services in progress. Interconnection meeting was held with the City of Raleigh to prepare emergency connection agreement. The agreement draft is in progress.
Raleigh Emergency Water Interconnection	750,000	-	750,000	Request for Proposal stage. No change in status.
Southern Reinforcing Main	900,000	-	900,000	Request for Proposal stage. No change in status.
<i>Total Water Projects</i>	52,442,153	45,022,773	7,419,380	

CAPITAL IMPROVEMENT PROJECTS

June 30, 2005 Quarterly Report

FY2005 -- Fourth Quarter

PROJECTS	FINANCIAL SUMMARY			PROJECT STATUS
	Authorized Budget	Expenditures and Encumbrances	Available Balance	June 30, 2005 BRIEF REPORT
Wastewater:				
North Durham Water Reclamation Facility	2,174,973	1,999,298	175,675	Gas Holder Project under construction with completion date anticipated to be late Fall 2005.
Sewer Lines Extensions and Improvements	9,632,554	8,559,395	1,073,159	contracts under construction; NCDOT work continues. Project increased by 500,000 on 6/21/04 for FY05. An additional \$400,000 was transferred in by Council Action 11.01/04 for NCDOT and downtown street construction projects.
Sewer Pump Station Removal	1,177,393	924,585	252,808	1 pump station design removal complete and ready to bid. Contract to be bid in first quarter of FY06.
Sewer Rehabilitation	15,523,593	10,870,859	4,652,734	Broadmoor Pump Station project has received final environmental approvals and will be bid out in July 2005. Edith and Ninth Street Outfall replacement projects have been advertised for bids. Construction is anticipated to begin in Fall 2005.
SDWRF-Sludge Pad Cover	500,000	103,528	396,472	New project for FY05 Engineering consultant selected and the design is in progress.
Engine Replacement-South Durham WRF	700,000	295,741	404,259	First Engine 100% complete. Project increased by 400,000 for 2nd engine 6/21/04 - specifications are being prepared and will be ready for bid in first quarter of FY2006.
<i>Total Wastewater Projects</i>	29,708,513	22,753,406	6,955,107	
Total Water and Wastewater Projects	\$ 82,150,666	\$ 67,776,179	14,374,487	
Stormwater:				
Private Property Drainage Priority 1	\$ 973,950	\$ 723,733	\$ 250,217	33 of the remaining 43 projects have been completed this year. A few new ones were added to the list during the year. A contract for the remaining projects will be brought to Council in Summer 2005
Private Property Drainage Priority 2	276,050	-	276,050	Work is not yet underway - due to begin late Summer 2005
Watershed Planning & Design	425,000	-	425,000	Proposals for professional services are in preparation
<i>Total Stormwater Projects</i>	\$ 1,675,000	\$ 723,733	\$ 951,267.0	
Total Capital Improvement Projects	\$ 319,478,257	\$ 254,495,268	\$ 64,982,989	

Water and Sewer Capital Facility Fee Fund
Month Ended June 30, 2005

	<u>Actual</u>	<u>Budget</u>	<u>Percent of Budget</u>	<u>Year-End Projection</u>	<u>Year-End Positive/ (Negative)</u>
Revenues					
Operating revenues	\$ <u>5,602,083</u>	\$ <u>4,045,067</u>	<u>138.49%</u>	\$ <u>5,602,083</u>	\$ <u>1,557,016</u>
Nonoperating revenues					
Investment income	<u>32,548</u>	<u>155,612</u>	<u>20.92%</u>	<u>154,765</u>	<u>(847)</u>
Total revenues	\$ <u><u>5,634,631</u></u>	\$ <u><u>4,200,679</u></u>	<u><u>134.14%</u></u>	\$ <u><u>5,756,848</u></u>	\$ <u><u>1,556,169</u></u>
Expenditures					
Operating transfers to other funds	\$ <u><u>-</u></u>	<u><u>4,200,679</u></u>	<u><u>0.00%</u></u>	\$ <u><u>4,200,679</u></u>	\$ <u><u>-</u></u>
Revenues less Expenditures				1,556,169	

Parking Facilities Fund
Month Ended June30, 2005

	<u>Actual</u>	<u>Budget</u>	<u>Percent of Budget</u>	<u>Year-End Projection</u>	<u>Year-End Positive/ (Negative)</u>
Revenues					
Operating revenues	\$ <u>1,313,427</u>	\$ <u>1,392,585</u>	<u>94.32%</u>	\$ <u>1,313,427</u>	\$ <u>(79,158)</u>
Nonoperating revenues					
Investment income	8,899	14,862	59.88%	8,899	(5,963)
Transfers from reserves	-	23,144	0.00%	23,144	-
Operating transfers from other funds	<u>667,661</u>	<u>664,691</u>	<u>100.45%</u>	<u>664,691</u>	<u>-</u>
Total nonoperating revenues	<u>676,560</u>	<u>702,697</u>	<u>96.28%</u>	<u>696,734</u>	<u>(5,963)</u>
Total revenues	\$ <u><u>1,989,987</u></u>	\$ <u><u>2,095,282</u></u>	<u><u>94.97%</u></u>	\$ <u><u>2,010,161</u></u>	\$ <u><u>(85,121)</u></u>
Expenditures					
Personal services	\$ 65,732	73,890	88.96%	\$ 65,732	\$ 8,158
Operating expenditures	921,461	1,023,392	90.04%	921,461	101,931
Debt Service					
Principal	725,000	725,000	100.00%	725,000	-
Interest and fiscal charges	273,016	273,000	100.01%	273,016	(16)
Transfer to fund balance	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total expenditures	\$ <u><u>1,985,209</u></u>	\$ <u><u>2,095,282</u></u>	<u><u>94.75%</u></u>	\$ <u><u>1,985,209</u></u>	\$ <u><u>110,073</u></u>
Revenues less Expenditures				24,952	

Transit Operations Fund
Month Ended June 30, 2005

	Actual	Budget	Percent of Budget	Year-End Projection	Year-End Positive/ (Negative)
Revenues					
Operating revenues	\$ 2,182,497	\$ 2,231,155	97.82%	\$ 2,182,497	\$ (48,658)
Nonoperating revenues					
Licenses and permits	852,856	920,833	92.62%	852,856	(67,977)
Intergovernmental revenue	2,424,972	3,224,250	75.21%	2,424,972	(799,278)
Investment income	135,121	136,791	98.78%	135,121	(1,670)
Miscellaneous	97,422	227,000	42.92%	227,000	-
Transfers from reserves	-	918,409	0.00%	918,409	-
Appropriation from fund balance	-	1,010,214	0.00%	1,010,214	-
Operating transfers from other funds	3,440,629	3,440,629	100.00%	3,440,629	-
Total nonoperating revenues	6,951,000	9,878,126	70.37%	9,009,201	(868,925)
Total revenues	\$ 9,133,497	\$ 12,109,281	75.43%	\$ 11,191,698	\$ (917,583)
Expenditures					
Personal services	\$ 78,820	72,945	108.05%	\$ 78,820	\$ (5,875)
Operating expenditures	10,126,386	10,610,924	95.43%	10,126,386	484,538
Capital outlay	53,703	97,749	54.94%	53,703	44,046
Non-departmental administration	166,300	166,300	100.00%	166,300	-
Debt Service					
Principal	56,009	56,009	100.00%	56,009	-
Interest and fiscal charges	18,756	18,756	100.00%	18,756	-
Appropriation not authorized	-	193,353	0.00%	193,353	-
Operating transfers to other funds	893,245	893,245	100.00%	893,245	-
Total expenditures	\$ 11,393,219	\$ 12,109,281	94.09%	\$ 11,586,572	\$ 522,709
Revenues less Expenditures				(394,874)	

Solid Waste Disposal Operating Fund
Month Ended June 30, 2005

	Actual	Budget	Percent of Budget	Year-End Projection	Year-End Positive/ (Negative)
Revenues					
Operating revenues	\$ 6,687,316	\$ 6,790,000	98.49%	\$ 6,687,316	\$ (102,684)
Nonoperating revenues					
Investment income	83,728	101,896	82.17%	83,728	(18,168)
Miscellaneous	163,108	95,000	171.69%	163,108	68,108
Transfers from reserves	-	100,932	0.00%	100,932	-
Transfers from other funds	1,390,933	1,390,933	100.00%	1,390,933	-
Appropriation from fund balance	-	1,100,000	0.00%	1,100,000	-
Total nonoperating revenues	<u>1,637,769</u>	<u>2,788,761</u>	<u>58.73%</u>	<u>2,838,701</u>	<u>49,940</u>
Total revenues	<u>\$ 8,325,085</u>	<u>\$ 9,578,761</u>	<u>86.91%</u>	<u>\$ 9,526,017</u>	<u>\$ (52,744)</u>
Expenditures					
Water Management Department					
Personal services	\$ 44,167	\$ 43,413	101.74%	44,167	(754)
Operating expenditures	136,580	293,377	46.55%	136,580	156,798
Capital outlay	<u>5,352</u>	<u>8,200</u>	<u>65.27%</u>	<u>5,352</u>	<u>2,848</u>
Total Water Management Department	<u>186,099</u>	<u>344,990</u>	<u>53.94%</u>	<u>186,099</u>	<u>158,891</u>
Solid Waste Collections Department					
Personal services	402,419	319,508	125.95%	402,419	(82,911)
Operating expenditures	<u>5,207,733</u>	<u>5,682,706</u>	<u>91.64%</u>	<u>5,207,733</u>	<u>474,973</u>
Total Solid Waste Collections Department	<u>5,610,152</u>	<u>6,002,214</u>	<u>93.47%</u>	<u>5,610,152</u>	<u>392,062</u>
Non-Departmental	<u>281,164</u>	<u>268,704</u>	<u>104.64%</u>	<u>268,704</u>	<u>-</u>
Debt Service					
Principal	1,587,566	1,587,567	100.00%	1,587,567	-
Interest and fiscal charges	<u>1,433,465</u>	<u>1,375,286</u>	<u>104.23%</u>	<u>1,375,286</u>	<u>-</u>
Total Debt Service	<u>3,021,031</u>	<u>2,962,853</u>	<u>101.96%</u>	<u>2,962,853</u>	<u>-</u>
Total expenditures	<u>\$ 9,098,446</u>	<u>\$ 9,578,761</u>	<u>94.99%</u>	<u>\$ 9,027,808</u>	<u>\$ 550,953</u>
				-	
Revenues less Expenditures				498,209	

Civic Center Fund
Month Ended June 30, 2005

	Actual	Budget	Percent of Budget	Year-End Projection	Year-End Positive/ (Negative)
Revenues					
Operating revenues	\$ 411,880	\$ 458,320	89.87%	\$ 411,880	\$ (46,440)
Nonoperating revenues					
Taxes	1,391,771	1,293,742	107.58%	1,391,771	98,029
Intergovernmental revenue	884,628	884,629	100.00%	884,628	(1)
Investment income	39,648	27,303	145.21%	39,648	12,345
Transfers from reserves	-	154,611	0.00%	154,611	-
Total nonoperating revenues	2,316,047	2,360,285	98.13%	2,470,658	110,373
Total revenues	\$ 2,727,927	\$ 2,818,605	96.78%	\$ 2,882,538	\$ 63,933
Expenditures					
Personal services	\$ 69	68,739	0.10%	\$ 69	\$ 68,670
Operating expenditures	1,407,964	1,567,848	89.80%	1,407,964	159,885
Capital outlay	5,065	6,143	82.45%	5,065	1,078
Debt Service					
Principal	544,106	544,106	100.00%	544,106	-
Interest and fiscal charges	88,153	88,153	100.00%	88,153	-
Transfers to fund balance	-	543,616	0.00%	543,616	-
Total expenditures	\$ 2,045,357	\$ 2,818,606	72.57%	\$ 2,588,973	\$ 229,633
Revenues less Expenditures				293,566	

Ballpark Fund
Month Ended June 30, 2005

	Actual	Budget	Percent of Budget	Year-End Projection	Year-End Positive/ (Negative)
Revenues					
Operating revenues	\$ 631,129	\$ 547,928	115.18%	631,129	\$ 83,201
Nonoperating revenues					
Investment income	10,501	20,945	50.14%	10,501	(10,444)
Rent- Nonoperating	2,504			2,504	2,504
Operating transfers from other funds	1,800,723	1,800,723	100.00%	1,800,723	-
Transfers from reserves	-	25,645	0.00%	25,645	-
Total nonoperating revenues	1,813,728	1,847,313	98.18%	1,839,373	(7,940)
Total revenues	\$ 2,444,857	\$ 2,395,241	102.07%	\$ 2,470,502	\$ 75,261
Expenditures					
Personal services	\$ 133,958	188,467	71.08%	\$ 133,958	\$ 54,509
Operating expenditures	616,075	751,463	81.98%	616,075	135,388
Non-departmental administration	97,218	97,218	100.00%	97,218	-
Debt Service					
Principal	665,000	665,000	100.00%	665,000	-
Interest and fiscal charges	456,553	456,251	100.07%	456,553	(302)
Operating transfers to other funds	236,842	236,842	100.00%	236,842	-
Total expenditures	\$ 2,205,647	\$ 2,395,241	92.08%	\$ 2,205,646	\$ 189,595
Revenues less Expenditures				264,856	

Storm Water Management Fund
Month Ended June 30, 2005

	<u>Actual</u>	<u>Budget</u>	<u>Percent of Budget</u>	<u>Year-End Projection</u>	<u>Year-End Positive/ (Negative)</u>
Revenues					
Operating revenues	\$ 7,098,239	\$ 7,528,107	94.29%	\$ 7,098,239	\$ (429,868)
Nonoperating revenues					
Investment income	149,742	129,628	115.52%	149,742	20,114
Miscellaneous	142,645	120,000	118.87%	142,645	22,645
Transfers from reserves	-	410,993	0.00%	410,993	-
Appropriation from fund balance	-	557,000	0.00%	557,000	-
Total nonoperating revenues	292,387	1,217,621	24.01%	1,260,380	42,759
Total revenues	\$ 7,390,626	\$ 8,745,728	84.51%	\$ 8,358,619	\$ (387,109)
Expenditures					
Personal services	\$ 3,009,359	3,195,318	94.18%	\$ 3,009,359	\$ 185,959
Operating expenditures	1,268,643	1,838,861	68.99%	1,268,643	570,218
Capital outlay	859,834	1,074,857	80.00%	859,834	215,023
Non-departmental administration	733,307	733,307	100.00%	733,307	-
Operating transfers to other funds	1,903,384	1,903,384	100.00%	1,903,384	-
Total expenditures	\$ 7,774,527	\$ 8,745,728	88.90%	\$ 7,774,527	\$ 971,200
Revenues less Expenditures				584,092	

City of Durham
Grants Report for the 4th Quarter
FY 2005

Grants	Revenues			Authorizations	Expenditures			Net Grant Activity	Drawdown Frequency
	Prior Years	Current Year	Total		Prior Years	Current Year	Total		
Community Development	\$ 17,615,741	2,572,466	\$ 20,188,207	\$ 23,368,057	\$ 18,110,840	2,259,255	20,370,095	\$ (181,888)	Quarterly
Home Program	10,118,081	1,779,561	11,897,642	16,975,741	10,490,090	1,557,089	12,047,179	(149,537)	Quarterly
Employment and Training:									
City Funded 02	196,045		196,045	196,045	133,581	71,663	205,244	(9,199)	Quarterly
City Funded 03	196,045		196,045	196,045	175,470	10,335	185,805	10,240	Quarterly
City Funded 04	196,045	-	196,045	196,046		38,196	38,196	157,849	Quarterly
SAGE - RTI	248,686	5,867	254,553	276,998	225,767		225,767	28,786	Quarterly
Private Contributions	10,000		10,000	10,000	7,412	-	7,412	2,588	Quarterly
WIA	1,278,989	2,102,609	3,381,598	4,649,005	1,604,227	1,971,810	3,576,037	(194,439)	Quarterly
FEMA:			-					-	
Winter storm 2000	360,142		360,142	584,065	360,142		360,142	-	TBD
Winter storm 2002	8,097,484	851,155	8,948,639	11,200,000	8,097,484	(260)	8,097,224	851,415	TBD
Firefighters	162,847	-	162,847	57,400	57,400		57,400	105,447	TBD
Hazard mitigation	1,684,312		1,684,312	1,800,251	1,684,312		1,684,312	-	TBD
Mobile Data				140,000					
Other	11,340	-	11,340	91,795	63,357		63,357	(52,017)	TBD
Public safety:								-	
City wide domestic violence	1,855,293	(53,417)	1,801,876	2,113,664	1,698,301	227,650	1,925,951	(124,075)	Quarterly
Controlled substance tax	299,465	123,073	422,538	546,848	82,508	174,177	256,685	165,853	Quarterly
Criminal Data Sharing	51,156	13,694	64,850	145,891	50,908	45,528	96,436	(31,586)	Quarterly
El Centro Hispano	144,245	-	144,245	144,326	144,245	-	144,245	-	Quarterly
Federal asset forfeiture	266,138	269,745	535,883	705,000	68,144	157,037	225,181	310,702	Quarterly
Local law enforcement	607,506	83,131	690,637	701,871	263,265	198,363	461,628	229,009	Quarterly
MOU - various	-	34,705	34,705	65,000	-	34,705	34,705	-	Quarterly
Parents against gangs	57,208		57,208	90,000	52,139	-	52,139	5,069	Quarterly
Police Corp	3,600		3,600	9,000	3,600	-	3,600	-	Quarterly
RTI Partners - Crime Prev	100,900		100,900	121,620	99,481	16,489	115,970	(15,070)	Quarterly
Other	108,387	283,968	392,355	565,668	59,912	231,407	291,319	101,036	Quarterly
Transit									
Section 9 grants	9,699,990	2,530,093	12,230,083	17,045,170	10,945,479	345,864	11,291,343	938,740	Monthly
Section 8 grants	227,631	36,110	263,741	440,197	222,308	81,468	303,776	(40,035)	Monthly
Section 3 grants	9,713,956	2,158,646	11,872,602	17,595,837	9,698,124	2,785,904	12,484,028	(611,426)	Monthly
Other special revenue grants									
Community Center -Lyon Park	107,185	42,274	149,459				-	149,459	
EEOC case processing	175,650		175,650	184,250	119,350	17,347	136,697	38,953	Quarterly
Emergency Telephone	-	3,147,960	3,147,960	3,250,636		1,316,927	1,316,927	1,831,033	Quarterly
HUD disaster relief	200,881		200,881	342,902	342,902	-	342,902	(142,021)	Quarterly
HUD economic development	982,755	(64,066)	918,689	2,147,830	1,619,429	156,735	1,776,164	(857,475)	Quarterly
HUD fair housing	347,316	78,500	425,816	428,700	260,674	45,086	305,760	120,056	Quarterly
Lead based paint - federal	2,916,352	672,985	3,589,337	5,925,264	2,857,528	1,090,289	3,947,817	(358,480)	Quarterly
NECD Weed & Seed	854,822	42,578	897,400	1,030,000	846,142	190,794	1,036,936	(139,536)	Quarterly
Human relations	297,794		297,794	292,411	226,911	15,867	242,778	55,016	Quarterly
Transportation planning	1,388,800	110,980	1,499,780	3,612,621	1,135,880	444,219	1,580,099	(80,319)	Quarterly
Cultural Master Plan			-	500,000			-	-	Quarterly

City of Durham, North Carolina

Investment Portfolio

June 30, 2005

Portfolio meets the requirements of Section 159-30 of the North Carolina Investment Statutes

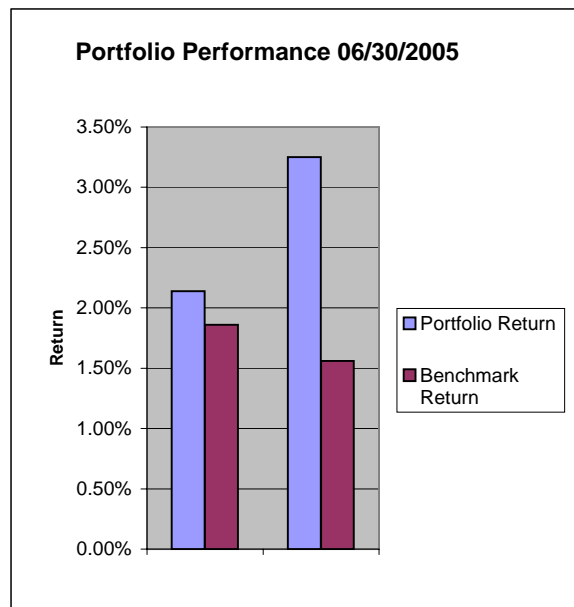
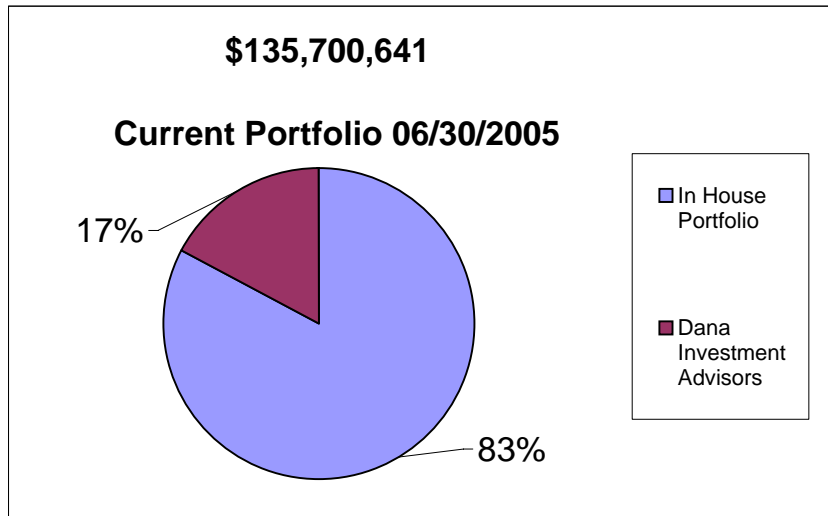
Primary investment principals are Safety, Liquidity and Yield

	<u>Market Value</u>	<u>Average Maturity (yrs.)</u>			<u>Current Yield</u>		<u>Portfolio Return *</u>	<u>BenchMark Return *</u>	<u>Performance vs Benchmark *</u>
In House Portfolio	\$ 112,748,760	0.91	0.83	0.75	2.92%	0.0242	2.14%	1.86%	0.28%
Dana Investment Advisors	23,381,210	2.70	0.17	0.46	4.27%	0.0073	3.25%	1.56%	1.69%
Total:	\$ 136,129,970	1.22			3.15%				

* July 1st 2004 through June 30th, 2005

** measured against the local government investment pool, the NC Capital Management Trust

*** measured against the Merrill Lynch 1 year Treasury Index



City of Durham, North Carolina

Investment Portfolio

June 30th, 2005

Portfolio meets the requirements of Section 159-30 of the North Carolina Investment Statutes Primary investment principals are Safety, Liquidity and Yield

Asset Allocation

C.D.s	\$ 200,000	0.1%
Com'l Paper / Disc Notes	38,767,353	28.5%
Money Market	229,329	0.2%
Treasuries	4,896,500	3.6%
Agencies	<u>92,036,788</u>	67.6%

Total: \$ 136,129,970

Asset Allocation 06/30/2005

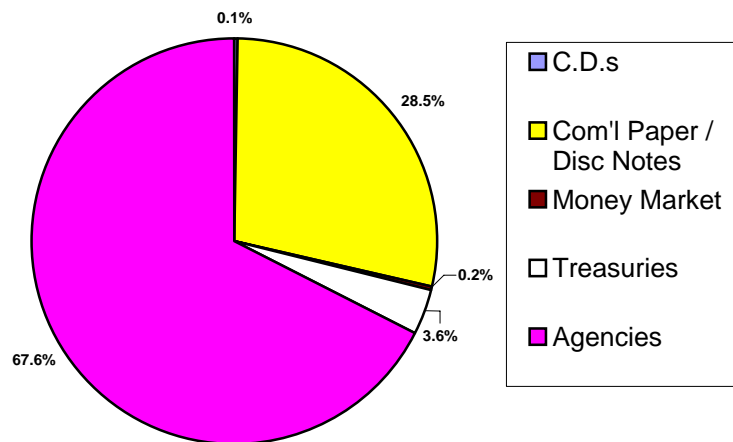


Exhibit 7

CITY OF DURHAM--PAYMENTS MADE TO LIABILITY CLAIMANTS

Payments Made During Period 04/01/2005-06/30/2005

<u>Fiscal Year</u>	<u>Claim Date</u>	<u>Claim Number</u>	<u>Claimant Last Name</u>	<u>Cause Code</u>	<u>Paid to Claimant</u>
2004	1/15/2004	VAAL BI2004011493	Watson	Backing	\$ 2,257.93
Sub-total FY 2004					\$ 2,257.93
2005	7/1/2004	VAAL PD2004011697	McCauley	Failure to yield right of way	\$ 196.34
2005	9/24/2004	GCGL PD2004011492	Foster, Jr	Street Conditions	\$ 611.53
2005	10/1/2004	GCGL PD2004011487	Power	Struck a stationary object	\$ 3,466.02
2005	11/9/2004	VAAL BI2004011787	Justice	Failure to yield right of way	\$ 480.00
2005	1/5/2005	VAAL PD2005011635	Head	Failure to yield right of way	\$ 391.78
2005	1/7/2005	VAAL PD2005011802	Verizon	Backing	\$ 1,526.18
2005	1/13/2005	GCGL PD2005011655	Soulier	Street Conditions	\$ 151.54
2005	1/20/2005	VAAL PD2005011670	Ramirez	Failure to yield right of way	\$ 1,000.00
2005	2/4/2005	GCGL PD2005011769	Odom	Water - on/off	\$ 88.00
2005	2/10/2005	GCGL PD2005011671	Jefferson	Struck by	\$ 128.98
2005	2/18/2005	VAAL PD2005011840	Howie	Struck a stationary object	\$ 5,935.08
2005	3/4/2005	VAAL PD2005011704	Tapp	Rear end collision	\$ 713.59
2005	3/12/2005	GCGL BI2005011788	Brittian	Sidewalk conditions	\$ 1,236.00
2005	3/14/2005	VAAL PD2005011711	Hembrick	Struck a stationary object	\$ 620.80
2005	3/20/2005	VAAL PD2005011742	Parks	Failure to yield right of way	\$ 2,520.45
2005	3/21/2005	GCGL PD2005011801	Johnson	Street Conditions	\$ 1,877.23
2005	3/29/2005	VAAL PD2005011738	Becker	Backing	\$ 2,632.29
2005	4/14/2005	VAAL PD2005011819	Ruiz	Backing	\$ 773.76
2005	4/19/2005	VAAL PD2005011803	Kaplan	Rear end collision	\$ 844.51
Sub-total FY 2005					\$ 25,194.08
Total for Period					\$ 27,452.01

Contract Quarterly Report Contract Types by Department FY05 July 1, 2004 to June 30, 2005

1st Quarter	Type of Contract				Change		Non-City		Total
	Service	Construction	Inter-Gov't	Other Purchase	Orders	Lease	Agency	Grant	
City Manager	1								1
Housing	13	43			24			1	81
Parks & Recreation	56	1	1						58
Public Works	6	1	3	15	3				28
Planning	1								1
General Service	16	9			10	1	4		40
Water Mgmt	2	4	2		3				11
Finance	1								1
Budget	2						37		39
Inspections									
Human Resources	4								4
Human Relations									
OEED	29								29
Internal Audit									
EOEA									
Tech Solutions	6					1			7
Fire	1				2				3
DATA	2								2
Police	7		1						8
Total 1st Qtr	147	58	7	15	18	25	5	37	313

2nd Quarter

City Manager	5		1						6
Housing	21	44	3		12				80
Parks & Recreation	75	1	2						78
Public Works	1	2	8	19					30
Planning			1						1
General Service	10	2			5	2			19
Water Mgmt	1	2							3
Finance	7								7
Budget									
Human Resources	2								2
Human Relations									
OEED	9								9
Internal Audit									
EOEA									
Tech Solutions	5					1			6
Police	2								2
Fire	4								4
Total 2nd qtr	142	51	15	19	17	3			247

3rd Quarter

City Manager	6							1	7
Public Affairs									
Housing	14	36			10			1	61
P&R	115				1				116
Public Works	8	4	4	26	1				43
Planning	1		1						2
Gen Ser	17	5			10	5			37
Water Mgmt	3		1		1	1			6
Finance					2				2
Human Resources	8								8
Human Relations	2								2
OEED	5								5

Budget										
Fire	6				2					8
EOEA										
TS	9				2					11
Police	4		1							5
Total 3rd Qtr	198	45	7	26	7	23	5		2	313

	<u>Type of Contract</u>				Change		Non-City		Grant	Total
	Service	Construction	Inter-Gov't	Other	Purchase	Orders	Lease	Agency		
4th Quarter										
City Manager	6								2	8
Public Affairs										
Housing	12	41				19			1	73
P&R	80	5								85
Public Works	4		5	19	2					30
Planning			2							2
Gen Ser	20	5			1	19	4			49
Water Mgmt	2	2	1		1					6
Finance	1				1					2
Human Resources	1									1
Human Relations										
Audit Service	1									1
OEED	15		1							16
Budget								1		1
Fire	2									2
EOEA	1									1
TS	2						2			4
DATA		1			1					2
Police	11									11
Total 4th Quarter	158	54	9	19	6	38	6	1	3	294
Grand Total FY 05	645	208	38	79	31	103	19	38	6	1167

CITY OF DURHAM
NON-CITY AGENCY AWARDS
FISCAL YEAR ENDING JUNE 30, 2006

File No	Non-City Agency Name	Current Award Amount	Documentation on File		Eligible for Funding Until
			Audit Report	Certification	
	<u>Greater than \$30,000</u>				
06-01	African American Dance Ensemble	30,000	06/30/04		12/31/05
06-02	American Dance Festival	66,500	09/30/04		03/31/06
06-03	Carolina Theatre	527,278	06/30/04		12/31/05
06-04	Downtown Durham, Inc	134,027	06/30/04		12/31/05
06-05	Durham Affordable Housing Coalition	73,340	06/30/04		12/31/05
06-06	Durham Arts Council, Inc.	564,021	06/30/04		12/31/05
06-07	Durham Striders	36,670	12/31/04		06/30/06
06-08	El Centro Hispano	30,000	06/30/04		12/31/05
06-09	Full Frame - Doc Arts, Inc.	46,202	06/30/04		12/31/05
06-10	St. Joseph's Historic Foundation	283,801	06/30/04		12/31/05
06-11	Triangle Urban League (New Horizon)	82,772	N/A		12/31/05
	<u>Less than \$30,000</u>				
06-12	Achievement Academy of Durham	5,000		New	12/31/06
06-13	Alliance of AIDS Services - Carolina	5,000		New	12/31/06
06-14	American Red Cross	5,000		New	12/31/06
06-15	ARC of Durham	5,000		New	12/31/06
06-16	Ar-Razzaq Community Development Corporation	5,000		N/A	12/31/05
06-17	Big Brothers Big Sisters	23,940		12/31/04	06/30/06
06-18	Calvary Ministries of the Westend Community, Inc.	19,230		N/A	12/31/05
06-19	Center for Documentary Studies	9,000		12/31/04	06/30/06
06-20	Coordination Council for Senior Citizens	5,000		New	12/31/06
06-21	Durham Art Guild	5,000		12/31/04	06/30/06
06-22	Durham Central Park, Inc.	5,000		06/30/04	12/31/05
06-23	Durham Community Land Trustees, Inc.	5,000		New	12/31/06
06-24	Durham Community Penalties Program, Inc.	22,536		06/30/04	12/31/05
06-25	Durham Companions Mentoring Program	5,000		New	12/31/06
06-26	Durham County Literacy Council	14,250	06/30/04		12/31/05
06-27	Durham Crimestoppers	27,503		06/30/03	12/31/04
06-28	Durham Crisis Response Center	22,919	06/30/04		12/31/05
06-29	Durham Symphony, Inc.	20,000		06/30/04	12/31/05
06-30	Flamenco Carlota Santana Spanish Dance	3,500	06/30/04		12/31/05
06-31	GoodWork	27,284	12/31/04		06/30/06
06-32	Historic Preservation Society of Durham	28,419		06/30/04	12/31/05
06-33	Mallarme Chamber Players	9,000		06/30/04	12/31/05
06-34	Money Wise Durham Coalition	5,000		New	12/31/06
06-35	N.C. Occupational Safety & Health Project	9,947	07/31/04		01/31/06
06-36	P.R.O.U.D. Program	18,335		06/30/04	12/31/05
06-37	Partners for Youth	5,000		New	12/31/06
06-38	Project Graduation	9,000		12/31/04	06/30/06
06-39	Rites of Passage - DB & PC	5,000		06/30/04	12/31/05
06-40	Schoolhouse of Wonder	25,000	12/31/03		06/30/05
06-41	SEEDS DIG Program	6,000		06/30/04	12/31/05
06-42	TROSA	22,563		06/30/04	12/31/05
06-43	Volunteer Center of Greater Durham	9,168		06/30/04	12/31/05
06-44	Walltown Children's Theatre	19,000		12/31/04	06/30/06
06-45	Women in Action	5,000		New	12/31/06

"N/A" means 2004/5 was their first year and their report will be due by 12/31/05.

"New" means 2005/6 is their first year and their report will be due by 12/31/06.

Impact Fees Summary of Revenues and Expenditures

		FY1999	FY 2000 through FY 2004				FY2005		
Zone		Accumulated Fund Balance as of 1999	Impact Fees collected	Interest Income Earned	Funds Utilized for Projects/Refunds	FY2004 Ending Balance	Fourth Quarter Account Balance	Funds obligated to CIP Projects	6/30/2005 Fourth Quarter Funds Available
Streets	Zone 1	7,180,812	3,177,607	876,398	11,098,674	136,143	(52,044)	1,280,192	(1,332,236)
	Zone 2	1,461,401	993,694	344,409	316,415	2,483,089	2,139,317	32,400	2,106,917
	Zone 3	3,239,384	1,513,889	772,052	2,200,070	3,325,255	3,325,255	1,300,476	2,024,779
	Zone 4	-	3,780,576	33,011	1,354,660	2,458,927	4,383,646	6,239,550	(1,855,904)
	Zone 5	-	1,886,276	19,753	-	1,906,029	2,830,074	3,300,000	(469,926)
	Zone 6	-	58,394	15	-	58,409	69,430	-	69,430
Parks and Recreation									
	Zone 1	1,979,792	1,811,952	450,417	2,999,702	1,242,459	1,510,284	1,989,388	(479,104)
	Zone 2	779,814	926,925	141,189	568,950	1,278,978	1,489,114	1,799,530	(310,416)
	Zone 3	598,363	631,516	93,824	844,585	479,118	594,688	886,386	(291,698)
Open Space									
	Zone 1	392,361	301,027	76,468	254,243	515,613	562,158	530,741	31,417
	Zone 2	173,215	168,739	34,229	55,426	320,757	359,778	456,014	(96,236)
	Zone 3	168,286	110,023	39,377	19,084	298,602	325,836	311,407	14,429

Funds obligated include Ordinance revisions through 06/20/05
which includes new project for FY06

City of Durham, North Carolina

Tax Levy Analysis

June 30, 2005

	2003 Net Adjusted Levy \$81,438,376.01		2004 Net Adjusted Levy \$90,027,549.11	
Month	Current Levy Collected	% of Levy	Current Levy Collected	% of Levy
July	\$ 970,922.92	1.19%	\$ 973,536.50	1.08%
August	2,798,536.07	4.63%	5,866,210.87	7.60%
September	5,621,893.11	11.53%	4,044,335.92	12.09%
October	3,774,034.92	16.17%	4,165,584.58	16.72%
November	9,848,405.00	28.26%	20,962,186.03	40.00%
December	32,861,585.03	68.61%	26,061,666.24	68.95%
January	18,388,269.54	91.19%	20,620,600.70	91.85%
February	2,014,331.17	93.66%	2,027,237.86	94.11%
March	1,261,251.93	95.21%	1,320,391.22	95.57%
April	967,390.63	96.40%	918,060.92	96.59%
May	730,285.11	97.30%	740,423.01	97.41%
June	433,965.61	97.83%	559,070.62	98.04%
	<u>\$ 79,670,871.04</u>		<u>\$ 88,259,304.47</u>	
	Prior Years' Collections 2003		Prior Years' Collections 2004	
July	\$ 292,956.35		\$ 299,714.06	
August	260,050.81		269,537.05	
September	237,383.56		201,839.25	
October	138,088.00		90,474.03	
November	148,362.09		116,290.63	
December	156,838.01		88,535.08	
January	108,998.42		89,536.73	
February	166,139.53		97,159.48	
March	110,825.52		72,156.03	
April	120,504.21		51,195.03	
May	109,045.35		33,722.95	
June	108,260.88		105,281.77	
	<u>1,957,452.73</u>		<u>1,515,442.09</u>	
Total Collections through the period ended June 30, 2005	<u>\$ 81,628,323.77</u>		<u>\$ 89,774,746.56</u>	

City of Durham
Downtown Revitalization Project Recap
 June 30, 2005

	<i>FY01</i>	<i>FY02</i>	<i>FY03</i>	<i>FY04</i>	<i>FY05</i>	<i>Cumulative Amount</i>	<i>Current Fund Budget</i>
<i>Downtown Revitalization</i>							
Revenues	\$ 783,365	\$ 1,045,394	\$ 1,102,566	\$ 1,027,452	\$ 1,362,313	\$ 5,321,090	\$ 4,701,559
Expenditures:							\$ 4,453,559
Downtown Theatre Feasibility	\$ 9,029	\$ 27,464	\$ 12,469	\$ -	\$ 1,050	\$ 50,012	\$ 248,000
American Tobacco	\$ 33,051	\$ 100,530	\$ 56,356	\$ 6,509	\$ 863,071	\$ 1,059,517	
Renaissance Tower Project	\$ 3,390	\$ 10,312	\$ 424	\$ -		\$ 14,126	
Other	\$ 15,461	\$ 47,028	\$ 2,833	\$ 64,247	\$ 16,474	\$ 129,569	
Expenditure Subtotal	<u>\$ 60,931</u>	<u>\$ 185,334</u>	<u>\$ 72,082</u>	<u>\$ 70,755</u>	<u>\$ 880,595</u>	<u>\$ 1,253,223</u>	<u>\$ 4,701,559</u>
<i>Parrish Street</i>							
Revenues	\$ 200,000	\$ 200,000	\$ 200,000	\$ 200,000	\$ 300,000	\$ 1,100,000	
Expenditures	\$ 62,241	\$ 189,318	\$ 780,276	\$ 37,444	\$ 25,236	\$ 1,094,515	
Total Revenues	983,365	1,245,394	1,302,566	1,227,452	1,662,313	6,421,090	4,701,559
Total Expenditures	123,172	374,652	852,358	108,199	905,831	2,364,212	4,701,559
Total Encumbrances	-	-	-	-	24,419	24,419	-
Net Activity	860,193	870,742	450,208	1,119,253	732,063	4,032,459	-

* Note - Revenues for FY05 consist of Distributed Interest, General Fund Transfers, Appropriations from Fund Balance and North Parking Garage Revenues

**City of Durham
4th Quarter Update
FEMA Grants**

December 2002 Ice Storm

Total costs associated with the ice storm were \$8,110,236.69. Of this amount, we have received \$7,653,663.95. The remaining \$456,572.74 has been approved with the conclusion of the final review of large projects as of July 1, 2005.

The final review was started in late August, 2004, but was not completed due to the major storms that hit the western part of our state. Due to a tremendous backlog, FEMA was not able to reschedule a return visit to complete the final review until June, 2005. The final review was completed during the month of June, 2005 and as of August 10, 2005; the City was informed that all projects under the federally declared disaster had been processed and approved by the State and final reports submitted to Atlanta for processing.

During FY2005 a total of \$712,232.78 was received from FEMA toward settlement of the storm costs. Included in that total is the most recent receipt of \$407,335.00 toward the Debris Grinding Site, received on 7/29/05. The remaining amount due of \$456,572.74 will complete reimbursement of Emergency Measures (\$159,941.62) and the Debris Grinding Site (\$308,082.90). An administrative fee will be determined by the State and added to the final payment.

City of Durham, North Carolina
Planned Debt Issuance June 30, 2005

1996 GO Bond Authority

The Finance Department is currently working on a combined two-thirds bonds and 1996 authority GO bond issue scheduled for September 13, 2005. The issue will be broken out into three separate series as follows:

Series A \$10 million (two –thirds bonds)
 Series B \$5.6 million (taxable housing bonds – 1996 authority)
 Series C \$9.4 million (1996 authority)
Total 25.0 million

The LGC will sell the bonds using a competitive process with all bids being received in the State Treasurer's office.

The preliminary official statement for this issue is available in the City Clerk's Office and in the Finance Department.

After the July 2005 Series B and C issue the City of Durham will have the following general obligation bond authority remaining:

Purpose	Original Amount	Issued to Date	Sept 05 Issue	Balance 9/05
Streets	\$35,245,000	\$24,077,000	\$6,300,000	\$4,786,000
Art Center & Museum	5,550,000	5,500,000	0	0
Parks & Rec Facilities	20,375,000	17,772,000	2,200,000	403,000
Public Transportation	5,165,000	3,450,000	0	1,715,000
Housing	20,000,000	8,714,000	6,500,000	4,868,000
Total	\$86,285,000	\$59,513,000	\$15,000,000	\$11,772,000

2005 Bond Referendum

The Administration is currently working on a general obligation bond referendum for the November 2005 election. The referendum will be divided into eight categories or bond orders, representing \$110 million of Capital Improvement Program (CIP) projects as follows:

Public Safety	\$6,195,000
Cultural Facilities	11,005,000
Parks and Recreation	38,333,000
Public Improvement	7,113,000
Neighborhood Improvement	1,500,000
Street and Sidewalk	18,512,000
Water and Sewer	20,000,000
Parking	<u>7,342,000</u>
Total	\$110,000,000

At the July 21, 2005 special meeting the bond orders were introduced and the resolution setting the public hearing for August 15, 2005 was adopted. The public hearing was held on August 15th and the bond orders and the resolution setting a special bond referendum and directing publication of notice of a special bond referendum were adopted. The next steps in the referendum process are as follows:

- Publish first notice of special bond referendum (9/30)
- Publish second notice of special bond referendum (10/7)
- Referendum (11/08)
- Adoption of Certificate of Canvass by Durham County Board of Electors
- Council adopts Resolution Certifying and Declaring Results of Special Bond Referendum
- Publish Statement of Results
- Adopt the resolution setting a special bond referendum and directing publication of notice of a special bond referendum and notification of the Board of Electors

Refunding Opportunities

The Finance Department is currently reviewing two refunding opportunities that could potentially reduce the City's debt service costs. One of the refundings involves GO bonds series 1996, 1997, 1998, 1999, 2000A and 2000B, while the other involves revenue bonds series 1998 and 2001. Both of these would be advanced refundings that would require an escrow of the refunding issue proceeds until the call date of the bonds. Currently the GO refunding savings is approximately 4% and the revenue refunding savings is approximately 3%. The minimal savings target is 3% and we will monitor the savings level as we move forward with the refundings. We will bring an agenda to Council for the 10/03 meeting to initiate the refunding process.



City of Durham
Audit Services Department
101 City Hall Plaza
Durham, NC 27701
(919) 560-4213

Audit Recommendations and Implementation Schedule 4th Quarter Report Ending June 2005

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	RECOMMENDATION	MANAGEMENT RESPONSE	IMPLEMENTATION DATE	FOLLOW-UP STATUS
	City Contract - Compliance Audit December 2002			
1	Internal policies providing guidance to administrative staff should be reviewed for consistency.	<p>FP503.01 has been reviewed and re-drafted to remove inconsistencies with State statutes and to clarify language to improve applicability of certain provisions. In addition, the interim draft policy includes a provision for superceding existing policies that it overlaps.</p> <p>This draft policy is intended as an interim measure to provide updated current guidance on contracting until a final policy can be reviewed by the Business Practices Task Team. This team has been initiated by the City Manager's office and tasked to review and provide recommendations on all of the City's financial policies.</p>	September 2004 Amended Dates: February 2005 July 2005	Completed FP503.02 (<i>Purchasing and Contracting on Behalf of the City of Durham</i>) replacing FP503.01 has been finalized, providing current contracting guidance.
2	Internal Policies that are much more restrictive than the other regulatory authority should be reviewed for appropriateness.	In addition to issuing a revised interim policy . . . a comprehensive review of FP503.01 is currently underway to determine appropriateness of dollar thresholds and other restrictive provisions and their impact on the City's ability to effectively and efficiently contract for goods and services. This process is being completed by the Business Practices Task Team as described above.	September 2004 Amended Dates: February 2005 July 2005	Completed FP503.02 (<i>Purchasing and Contracting on Behalf of the City of Durham</i>) replacing FP503.01 has been finalized, providing current contracting guidance.

	RECOMMENDATION	MANAGEMENT RESPONSE	IMPLEMENTATION DATE	FOLLOW-UP STATUS
	City Contract - Compliance (Follow-up) March 2003			
1	As a result of the follow-up audit, it was noted that the process used for obtaining seasonal part-time employees for the Parks and Recreation Department should be reviewed and refined related to obtaining services for athletic officials and referees. A determination should be made whether or not these employment arrangements should continue to be treated as service contracts under FP503.02, or as special employment contracts covered by personnel policies and procedures. Consideration should be given to both effectiveness and efficiency in evaluating this process.		September 2004 Amended Date: February 2005 July 2005	Completed FP503.02 (<i>Purchasing and Contracting on Behalf of the City of Durham</i>) replacing FP503.01 has been finalized, providing current contracting guidance.

	RECOMMENDATION	MANAGEMENT RESPONSE	IMPLEMENTATION DATE	FOLLOW-UP STATUS
	Accounts Payables/Wire Transfers – Compliance Audit April 2003			
1	<p>When new software is acquired as part of a comprehensive ERP project, the accounts payable module should incorporate system controls and efficiencies designed to manage the payables process and to ensure:</p> <ul style="list-style-type: none">• all obligations are encumbered;• key input fields are required to prevent duplicate payments;• accounts payable aging data is provided; accounts payable research and analysis is facilitated.	<p>We are currently in the process of issuing an RFP for an ERP System that will replace the existing accounts payable system. The recommended control attributes will be included in our proposal evaluations. In addition, we will require vendors to demonstrate these attributes with the City’s data as part of the scripted demonstrations that are planned as part of the software evaluation process.</p>	<p>July 2005 Amended Date: January 2006</p>	<p>The City has contracted to purchase ERP software from MUNIS. The total contract, valued at nearly \$2.6 million, includes professional services and ongoing support, in addition to financial, revenue, human resource, and productivity software designed to help the City improve its daily business functions.</p>
2	<p>Examine compliance with the Local Budget and Fiscal Control Act in reference to encumbrance systems (NCGS Section 159-26). Particular attention should be paid to the appropriateness of current systems to ensure that City encumbrance systems guard against cumulative outstanding obligations exceeding budgetary authority. The increased development of e-commerce transactions with suppliers and vendors requiring wire transactions in and out of City accounts, instead of paper check transactions, will necessitate updated accounts payable and wire transaction systems. Current systems in use by the City are designed to control paper check payments only.</p>	<p>We agree with the assessment of our current system and its limitations with respect to complying with the encumbrance provisions of the Local Budget and Fiscal Control Act. In order to address this deficiency new accounting software or major system modifications are needed. Rather than spend the time and effort in making modifications to the existing system, which is scheduled for replacement, we are planning to include compliance with the encumbrance provisions of the Local Budget and Fiscal Control Act as a mandatory element for a new accounting systems.</p> <p>In the interim, we will continue to use manual processes to insure that cumulative outstanding obligations do not exceed budgetary authority.</p>	<p>July 2005 Amended Date: January 2006</p>	<p>The City has contracted to purchase ERP software from MUNIS. The total contract, valued at nearly \$2.6 million, includes professional services and ongoing support, in addition to financial, revenue, human resource, and productivity software designed to help the City improve its daily business functions.</p>

	RECOMMENDATION	MANAGEMENT RESPONSE	IMPLEMENTATION DATE	FOLLOW-UP STATUS
	City Vehicles (Part 1) – Compliance Audit June 2003			
1	Written procedures provide consistent instructions to staff, documentation of current practices, as well as an effective orientation/training tool for new employees. Because it would not be practical to develop one City vehicle policy that would be applicable to the diverse business of the City, we recommend that each department with City vehicles assigned to it develop written procedures regarding the assignment and usage of City vehicles appropriate for the size and complexity of the unit. These procedures should become part of the Department's standard operating procedures. The City's executive management should establish general guidelines related to initial acquisition, operational use, and ultimate disposal by sale or salvage of City vehicles. The policies and procedures should be consistent with these general guidelines.	The City Administration will develop written policies and procedures to provide general guidelines for initial acquisition and disposal of the City's fleet vehicles and heavy equipment. General guidelines will be provided to departments to assist in the development of written procedures regarding the assignment and usage of vehicles assigned to Department.	July 1, 2004 Amended Dates: January 2005 August 2005	Upon completion of the Fleet Utilization Study (<i>approved during the 2004-2005 Budget process</i>) operational policies and procedures will be promulgated to control acquisition, assignment, and usage of the City's fleet. The Fleet consultant contract was signed at the end of March. The contract scope includes a utilization study that will lead to the implementation of new policies and procedures regarding the procurement, assignment and usage of the City's fleet. The study is in-process.

	RECOMMENDATION	MANAGEMENT RESPONSE	IMPLEMENTATION DATE	FOLLOW-UP STATUS
	Inventory Audit (June 30, 2003) - Financial Audit September 2003			
1	Based on the results of our audit, the nature of departmental operations, and the ending inventory values, we recommend the Environmental Resources - Plant Engineering and Maintenance Division utilize the City's site license for the (City Works - Storeroom) inventory management module to manage its inventory. Our current recommendation for the Finance Department- Print Shop is that this operation continue to perform periodic inventory counts to value inventory at year end.	<p>The Environmental Resources Department will evaluate the use of City Works - Storeroom perpetual inventory software currently used by the Public Works Department. In light of the ongoing consolidation study for the Public Works and Environmental Resources Departments, we may find that the inventory function can be merged as part of the process. This could eliminate the need for separate storeroom and inventory processes. Alternatively, the implementation of this software may make more sense following the completion of the City's ERP project.</p> <p>The Finance Department Print Shop inventory procedures will remain unchanged.</p>	<p>An evaluation of using the software and a recommendation for or against such use will be completed prior to July 2004.</p> <p>Amended Dates:</p> <ul style="list-style-type: none">January 2005June 2005	<p>Completed</p> <p>- The automated perpetual inventory software (Cityworks) is now in use for the DWM inventory.</p>
	Loan Programs – Internal Control Review (Opportunity Loan Program and Downtown Commercial Revitalization Loan Program) November 2003			
1	Audit Services recommends a follow-up test of controls at a future date when the loan program is actively operating.		<p>November 2004</p> <p>Amended Date: June 2005 December 2005</p>	No loans have been made.

	RECOMMENDATION	MANAGEMENT RESPONSE	IMPLEMENTATION DATE	FOLLOW-UP STATUS
	Sensitive Equipment – Performance Audit March 2004			
1	Since the City is currently involved in an ERP (Enterprise Resource Planning) Project, we recommend the City incorporate both a capital asset system (for financial accounting purposes) and a non-capita asset system (for accountability of sensitive equipment that does not meet the capitalization limits, but requires special tracking) in ERP system implementation. This will provide distinct advantages over the current Microsoft Access database system that is available for use by departments. By setting up the proper business rules, all equipment purchases meeting predetermined criteria will be automatically recorded in one of the two databases at the time of purchase. This will eliminate the need to capture and enter information after purchase by departments.	This recommendation will be incorporated in the City’s ERP implementation.	July 2005 Amended Date: January 2006	The City has contracted to purchase ERP software from MUNIS. The total contract, valued at nearly \$2.6 million, includes professional services and ongoing support, in addition to financial, revenue, human resource, and productivity software designed to help the City improve its daily business functions.
	Inventory (June 30, 2004) – Financial Audit September 2004			
1	Based on the results of the audit, the nature of departmental operations, and the ending inventory values, we recommend the Environmental Resources – Plant Engineering and Maintenance Division utilize the City’s site license for the (City Works – Storeroom) inventory management module to manage its inventory.	The same recommendation was made last year, and as a result of our utility consolidation project, this recommendation is now moving forward to implementation. The Department of Water Management (which has assumed all the responsibilities of the Environmental Resources Department through consolidation) will implement the use of City Works – Storeroom perpetual inventory software currently used by the Line Maintenance Division which was a part of the Public Works Department prior to consolidation.	Implementation of the software will be completed prior to the fiscal year end inventory compliance audit in June, 2005.	Completed - The automated perpetual inventory software (Cityworks) is now in use for the DWM inventory.

	RECOMMENDATION	MANAGEMENT RESPONSE	IMPLEMENTATION DATE	FOLLOW-UP STATUS
Cell Phone – Compliance Audit October 2004				
1	FP 513.02 should be updated to reflect the current policies being followed for the issuance of cell phones.	The significant changes to the City’s wireless telecommunications program require that all relevant policies be reviewed and updated. This policy will be removed from the responsibility of the Finance Department and reassigned to the Tech. Sol. Dept.	December 1, 2004 Amended Dates: January 1, 2005 April 30, 2005	Completed

	RECOMMENDATION	MANAGEMENT RESPONSE	IMPLEMENTATION DATE	FOLLOW-UP STATUS
Police Property Room – Compliance Audit December 2004				
1	<p>The property unit should devote the resources necessary to aggressively pursue a final disposition of property in its custody. While disposing of property is a time consuming task the unit will simply run out of space to store these items in the very near future at the current growth rates. Conversely, if the number of items continues to increase at its current rate the property unit should make plans for expanding their storage facilities.</p>	<p>The Property Unit is responsible for the safekeeping of property either seized or found and dispose of same through several means. Among the disposition means are:</p> <ul style="list-style-type: none">➤ Auction➤ Destruction➤ Return to owner➤ Conversion➤ Transfer to NC Department of Revenue➤ Transfer to Durham Public Schools <p>The Property Unit shall aggressively pursue the disposition of property in its custody by:</p> <ul style="list-style-type: none">➤ Regular follow-up with the procedure currently in place with the District Attorney’s (DA) office. That procedure requires the DA’s office to forward a list of case dispositions to the Police Department when the cases have been adjudicated. The Property Unit supervisor will do regular follow-up to insure that this is being done. Have Durham police officers purged their property files in the Property Unit semi-annually. (January and July)➤ Have District Investigators notify the Property Unit when the disposition of a case has been done.	<p>Start date July 1, 2005. Completion will be June 2006.</p> <p>The long term solution to develop a plan for a new Property Unit facility would start after July 1, 2006.</p>	

	RECOMMENDATION	MANAGEMENT RESPONSE	IMPLEMENTATION DATE	FOLLOW-UP STATUS
	Police Property Room – Compliance Audit (Continued)	<p>The plan to expand the storage facilities for the Property Unit has both short term and long term resolutions.</p> <p>The short term resolution is:</p> <ul style="list-style-type: none">➤ Install space saver shelving in the storage area adjacent to the Property Unit formerly occupied by the Identification Unit.➤ Utilize the warehouse located at 213 Broadway St. to store bulky and non-evidentiary items. The primary cost associated with this recommendation will be the cost of installing a 10 foot high fence, storage bins and racks for hanging bicycles. <p>The long term solution is:</p> <ul style="list-style-type: none">➤ To develop a plan through the Planner for Fiscal Services for a new Property and Evidence facility.		
2	A complete reconciliation of the property record cards should be performed. This will aid in the purging of items that are no longer required to be held, increase the reliance that can be placed on the computerized records and identify any differences between the property cards and the computerized records. This reconciliation could be performed in ‘steps’ as opposed to the entire file at one time. Certain time periods could be selected and all items originating in that period would be reconciled.	The complete reconciliation of the property cards would extend beyond one year to complete. Additionally, it would require additional resources to accomplish in light of the volume of property currently entering the Property Unit. The additional resources would be a budgetary item for the 2005-06 budget year. The resources would be two additional personnel and a laptop computer for the files.	Earliest start date would be December 2005.	

	RECOMMENDATION	MANAGEMENT RESPONSE	IMPLEMENTATION DATE	FOLLOW-UP STATUS
	Vehicle Usage – Part 2 – Compliance Audit January 2005			
1	Departments should require employees to utilize control systems that have been implemented by General Services to track fuel usage by entering accurate real-time data into the City’s database at the point of service; following up on system problems or data entry errors encountered during transactions; and correcting errors or irregularities identified through system generated reports in a timely manner.	<p>The correct entry of proper mileage into the TRAK Fuel System has been an ongoing challenge. The accurate entry of mileage data is vital for the effective management of the City’s fleet and fuel system. The City’s current fuel system allows operators to enter inaccurate and incorrect mileage information. Inaccuracy of mileage information increases the difficulty in vehicle replacement planning and in the monitoring of fuel utilization to determine efficiency. Fleet Management will investigate a range of options available to correct this problem with client departments. Fleet’s goal in assessing the available options will be to increase the accuracy of data reported by vehicle operators while minimizing any disruption in services delivered. Potential solutions include but are not limited to the following:</p> <ol style="list-style-type: none">1. On a quarterly basis the Fleet Management Division will provide City departments with a vehicle mileage report and request verification of actual odometer readings in order to reconcile mileage data;2. Contact the fuel management system software provider to determine the feasibility and potential cost of modifying the existing fuel management software to reject out-of-range mileage entries; and3. Determine the cost and effectiveness of alternate technologies to transfer vehicle utilization and mileage information during fueling transactions.	<p>It is anticipated that this investigation should be completed within thirty (30) days.</p> <p>(March 31, 2005) Amended Date: June 30, 2005</p>	Completed

	RECOMMENDATION	MANAGEMENT RESPONSE	IMPLEMENTATION DATE	FOLLOW-UP STATUS
	Bond Proceeds (1996 General Obligation Bonds) February 2005			
1	We recommend the re-allocation totaling \$9,960 of bond proceeds from the Stadium Drive Extension and Street paving projects to other eligible projects within the Street Project Group.	The re-allocation within the Street Project Group is relatively straightforward and can be accommodated without significant project impacts.	June 30, 2005	Completed
	A-133 Sub-Recipient Monitoring (April 2005) – Compliance Audit April 2005			
1	The standard sub-recipient contract template or other official award document should be changed to include an identification of the federal information. This should include the CFDA title and number, award name, the name of the federal agency and the applicable compliance requirements.	We [<i>Housing and Community Development</i>] will immediately begin including the CFDA title and number, award name, the name of the federal agency and the applicable compliance requirements in a standard format in all DHCD sub-recipient contracts.	Immediately (April 2005)	Completed
2	The City’s Comprehensive Annual Financial Report, notes to the schedule of Federal and State Awards, should be reviewed to determine the amounts of sub-recipient expenditures are being properly reported.	In the future we [<i>Finance Department</i>] will reconcile the subrecipient amounts in the Notes to the Schedule of Federal and State Awards in the Comprehensive Annual Financial Report with the actual contract amount paid out rather than relying on internal reports from other departments.	Immediately (April 2005)	Completed

	RECOMMENDATION	MANAGEMENT RESPONSE	IMPLEMENTATION DATE	FOLLOW-UP STATUS
Authorized Positions (May 2005) – Compliance Audit - April 2005				
1	The Information Technology Department should limit the number of employees with access to the authorized position module of the City’s mainframe database. In order to insure adequate internal controls, access should be limited to the Human Resources Department. Within this department access should be limited to the Director or the director’s designee and a minimal number of staff members as backup personnel.	The Human Resources Department will review which staff members will need access to the mainframe database and develop a list of staff that will be authorized to make changes to the database. This list will be provided to Technology Solutions and the Budget Director. The Director will determine the number to have access.	June 17, 2005	Completed
2	The Human Resources Department, in conjunction with the Budget Department, should identify the unreconciled positions included in the City’s mainframe database. This will be a critical reconciliation that needs to be completed before the position data is created for the City’s new ERP system.	The Human Resources Department will work closely with the Budget Department in reconciling the authorized positions adopted through the budget to the mainframe database. The reconciliation will entail analysis of the current mainframe databases of positions and the authorized positions in BRASS.	June 24, 2005	Completed
3	A unique position number should be assigned to each part time position. This will allow the City to better control and efficiently manage its part time workforce. We recommend that this change be incorporated into the new ERP system.	The Human Resources Department has discussed the need for a unique coding for full-time, part-time, temporary with benefits (grant), and seasonal positions in the ERP. As the ERP moves forward, Human Resources staff will ensure that a unique system is implemented.	July 2006	The City has contracted to purchase ERP software from MUNIS. The total contract, valued at nearly \$2.6 million, includes professional services and ongoing support, in addition to financial, revenue, human resource, and productivity software designed to help the City improve its daily business functions.
4	The Human Resources Department, in conjunction with the Budget Department, should develop a system to track and reconcile all changes (additions, deletions, and modifications) occurring in the authorized positions included in the City’s mainframe database. This reconciliation should be implemented as soon as practical and should be performed on a monthly basis.	In coordination with the Budget Department, the Human Resources staff will develop procedures and processes that will track and reconcile the changes in the mainframe database to the actual authorized positions on a monthly basis. The Budget Department currently has a process to receive position changes approved by the City Council. The Human Resources Department will work to expand that process and include the process in the reconciliation.	June 24, 2005	Completed

	RECOMMENDATION	MANAGEMENT RESPONSE	IMPLEMENTATION DATE	FOLLOW-UP STATUS
	Non-City Agency Program Specific Compliance Evaluations June 2005			
1	The City should continue to monitor all non-city agencies and randomly select several each year for program specific evaluations	Non-City Agency Program Specific Compliance Evaluations are a standard part of the Audit Services Department’s annual work plan.	June 2006	
2	The City should closely monitor Walltown Children’s Theatre. The monitoring visits could include providing assistance o how to maintain adequate records necessary to support City grants.	The Audit Services Department will conduct a follow-up visit to the Walltown’s Children’s Theatre in December 2005 and will present the findings to ASOC in January 2006.	December 2005	

On August 22, 2005, the City's Audit Services Oversight Committee received a status report on audit recommendations for the three months ended June 30, 2005. During this period, the Audit Services Department issued two comprehensive audit reports. The reports included ten recommendations. City management concurred with the recommendations. The attached recommendations/implementation schedule includes the follow-up status of these recommendations along with recommendations carried over from the previous reporting period. City Management has been actively addressing audit findings and recommendations as well as the underlying causes of findings. Practical approaches to responding to audit findings and recommendations that are both effective and efficient have been examined. These efforts have been coordinated with several initiatives of the City including the City's ERP (Enterprise Resource Planning) project



CALVARY MINISTRIES OF THE WESTEND COMMUNITY, INC.

**MONTHLY FUND RAISING REPORT
JUNE 2005 INCOME REPORT**

**A. SPECIAL REVENUE FUND FOR COMMUNITY FAMILY LIFE AND RECREATION CENTER
AT LYON PARK OPERATIONS**

<u>Contribution Category</u>	<u>June 2005</u>	<u>October 2002-June 2005</u>
Individuals	\$	\$ 11,005.00
Foundations		
Corporations/Local		
State		
Federal		
Lease Income	<u>\$ 6,619.71</u>	<u>\$158,851.48</u>
Total Deposited into Account	<u>\$ 6,619.71</u>	<u>\$176,476.19</u>

**B. ADMINISTRATION, PROGRAMS AND OPERATIONS FOR CALVARY MINISTRIES OF THE
WESTEND COMMUNITY, INC. (NOT INCLUDED IN SPECIAL REVENUE ACCOUNT)**

<u>Contribution Category</u>	<u>June 2005</u>	<u>October 2002-June 2005</u>
Individuals	\$	\$ 40,983.00
Foundations	\$	\$ 60,000.00
Corporations/Local	\$ 16,709.00	\$130,157.86
State		
Federal	<u>\$</u>	<u>\$ 64,844.66</u>
Total Revenue	<u>\$ 16,709.00</u>	<u>\$295,985.52</u>

Grand Total Revenue	\$ 23,328.71	\$461,456.71
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Calvary Ministries, Inc. operates on a January – December fiscal year
This is a monthly report submitted to the Lyon Park Advisory Board

CITY OF DURHAM, NORTH CAROLINA

Donations

For Quarter Ending June 2005

AWIN Management	63,452.95
Capital Broadcasting	300.00
Duke University	200.00
Nat'l Cong of Black Mayors	5,000.00
Vietnam Memorial	150.00
Carolina Godiva Track Club	2,500.00
Capital Broadcasting	51,486.50

Mayor Youth Works Summer Program

North Carolina Central University	2,000.00
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Appearance Commission Donations

Golden Leaf Awards	2,250.00
J. McAdams	250.00
J. Vittert	250.00
Resolute Bldg.	100.00
AW N. Carolina	500.00
Water into Trees	1,119.91

Title V - Parks & Recreation

Bubel-Aiken Foundation	10,000.00
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Citizen Observer Patrol

Duke	21,000.00
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Community Family Life & Recreation Center

Calvary	10,190.00
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Information Integration Grant

Duke	50,000.00
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C. M. Herndon Park

C M Foundation	200,000.00
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